

ANNUAL REPORT 2025



Haily Group





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Message from Chairman

Dear Valued Shareholders,

On behalf of my colleagues on the Board of Haily Group Berhad, I am honoured to present our fifth Annual Report together with the Audited Financial Statements of Haily Group Berhad (“**Haily**” or “**Company**”) and its subsidiaries (collectively referred to as “**Group**”) for the financial year ended 31 December 2025.

Haji Mohd Jaffar Bin Awang (Ismail)
Independent Non-Executive Chairman

Vision

We aspire to be the choice builder by delivering high quality construction products and services to our customers in a timely manner and seek to create sustainable returns to all our stakeholders

Mission

- To create a conducive environment for satisfactory development of skills and knowledge among staffs and management to promote career advancement, trigger efficiency and effectiveness in work processes and motivate team cohesiveness
- To uphold long term relationship with our valued customers without compromising in the highest standards in environmental, safety and health
- To adopt best industrial practices and embrace innovation as the way we conduct our businesses



CORPORATE INFORMATION

Board of Directors

Haji Mohd Jaffar Bin Awang (Ismail)
Independent Non-Executive Chairman

See Cul Wei
Executive Director

See Tin Hai
Executive Director

Tan Sui Huat
Senior Independent Non-Executive Director

Yoong Woei Yeh
CEO/Executive Director

Ong Kheng Swee
Independent Non-Executive Director

See Swee Ling
Executive Director

Poh Boon Huwi
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Ong Kheng Swee

Member
Tan Sui Huat
Poh Boon Huwi

REMUNERATION COMMITTEE

Chairperson
Poh Boon Huwi

Member
Tan Sui Huat
Ong Kheng Swee

NOMINATING COMMITTEE

Chairman
Tan Sui Huat

Member
Ong Kheng Swee
Poh Boon Huwi

PRINCIPAL PLACE OF BUSINESS

No. 3339, Jalan Pekeliling Tanjung 27
Kawasan Perindustrian Indahpura
81000 Kulai, Johor
Tel No.: +607-660 9888
Fax No.: +607-663 8866
Email: corporate@haily.com.my
Website: www.haily.my

REGISTERED OFFICE

Suite 5.11 & 5.12
5th Floor, Menara TJB
No. 9, Jalan Syed Mohd. Mufti
80888 Ibrahim International Business
District, Johor
Tel No.: +607-224 2823
Email: plc@cisgroup93.com

COMPANY SECRETARIES

Irene Juay Yee Luan
(MAICSA 7057249 / SSM Practicing
Certificate No. 202008001193)
Hew Jing Sian
(MAICSA 7065968 / SSM Practicing
Certificate No. 202008001325)

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
CIMB Islamic Bank Berhad
United Overseas Bank
(Malaysia) Berhad
Public Bank Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: +603-2783 9299
Fax No.: +603-2783 9222

AUDITORS

Baker Tilly Monteiro Heng PLT
Firm No. 201906000600
(LLP0019411-LCA) & AF0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia
Securities Berhad
Stock Code: 0237
Stock Name: HAILY
Date of Listing: 21 July 2021

CORPORATE MILESTONE



2007

Haily Construction Sdn Bhd ("**Haily Construction**") was incorporated in May 2007.



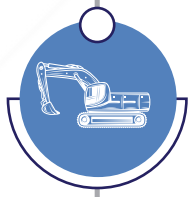
2008

We commenced operations as a contractor of building construction works and a registered contractor with CIDB. We commenced construction of 4 blocks of 4-storey purpose-built buildings comprising 28 units within the buildings used for breeding of swiftlet in Mersing, Johor.



2009

We secured our first of several contracts for the Taman Sri Pulai Perdana 2 Project and Sierra Perdana Project.



2011

Haily Machinery Sdn Bhd ("**Haily Machinery**") was incorporated in August 2011 and principally involved in the provision of rental of construction machinery.



2012

We secured our first contract for the construction of a high-rise building construction project, a 19-storey apartment namely Summerscape Johor Bahru.



2019

We were accredited to ISO 9001:2015 since 2019.



2018

We secured our first affordable housing projects, Rumah Mampu Milik Johor (RMMJ) and Perumahan Komuniti Johor (PKJ) at Taman Nusa Sentral.



2016

We secured the contract for the construction of the Project Plentong High Rise Phase 2.



2014

We secured our first contract for the construction of industrial building, the I-Synergy Business Park Project. We also secured our first contract for the construction of a serviced apartment project, Project Plentong High Rise Phase 1.



2020

Haily was incorporated on 21 February 2020 as a private limited company under the name of Haily Group Sdn Bhd. Via an internal reorganisation exercise, Haily Construction and Haily Machinery (by virtue of it being a wholly-owned subsidiary of Haily Construction) became our wholly-owned subsidiaries. Subsequently on 25 August 2020, we were converted to a public limited company to embark on the ACE Market listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").



2021

Haily launched its prospectus for ACE Market listing on 30 June 2021 with the aim to raise RM20.4 million. The initial public offering ("**IPO**") exercise involved a public issue of 30 million shares at 68 sen each.

Haily was successfully listed on the ACE Market of Bursa Securities on 21 July 2021 with its share price opening at 79 sen or 11 sen above its issue price of 68 sen.



2022

Haily Development Sdn Bhd ("**Haily Development**") was incorporated in June 2022 with its intended principal activity in property development.

Haily Capital Sdn Bhd ("**Haily Capital**") was incorporated in August 2022 with its intended principal activities in agriculture activities, general trading and investment in properties.



2023

In January 2023, Haily Capital engaged in agricultural activities of managing and harvesting of durian and other fruits.

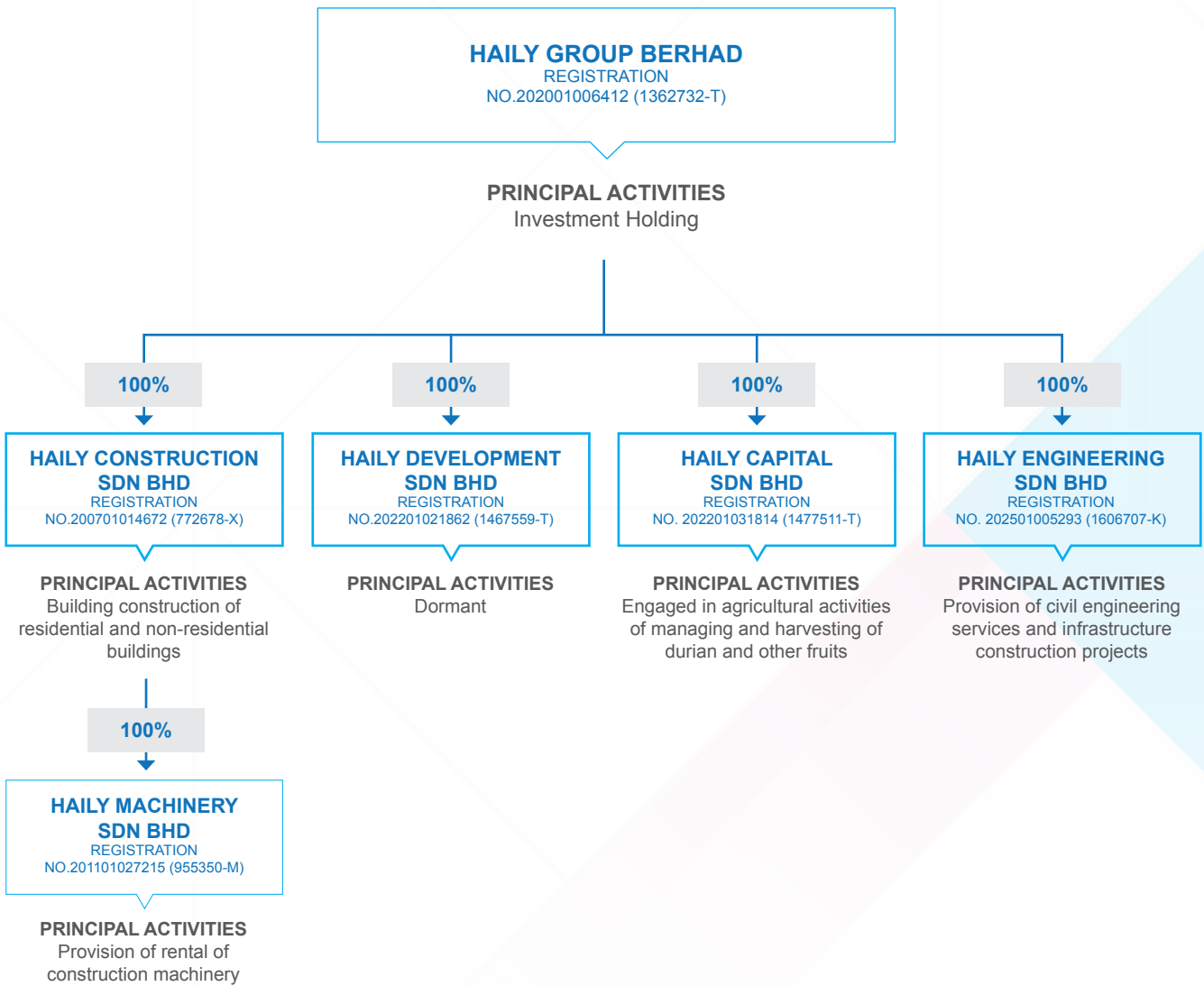


2025

Haily Engineering Sdn Bhd ("**Haily Engineering**") was incorporated in February 2025 and is principally involved in the provision of civil engineering services and infrastructure construction projects.



CORPORATE STRUCTURE

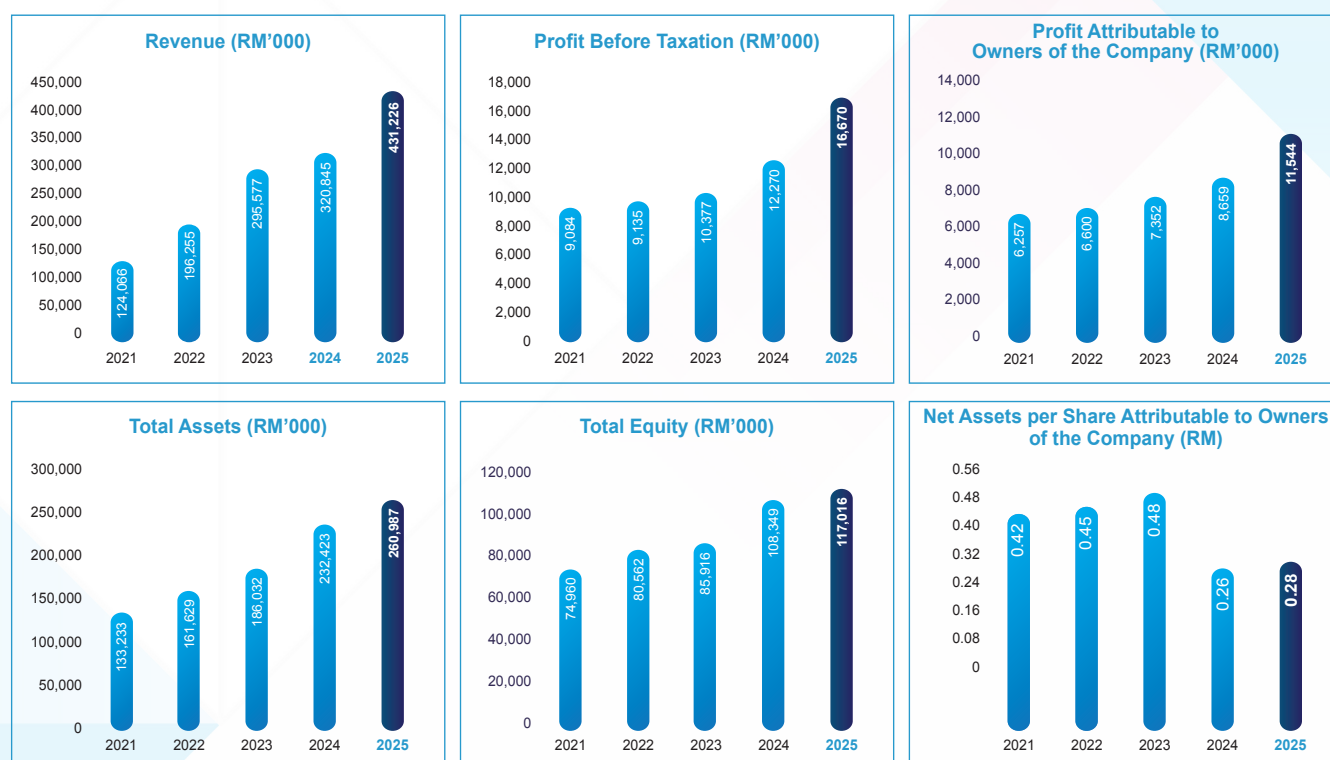


FIVE-YEARS FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December ("FYE")	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Revenue	124,066	196,255	295,577	320,845	431,226
Gross Profit	21,915	23,604	26,306	30,886	38,803
Profit Before Taxation	9,084	9,135	10,377	12,270	16,670
Profit After Taxation	6,257	6,600	7,352	8,659	11,544
Profit Attributable to Owners of the Company	6,257	6,600	7,352	8,659	11,544
Total Assets	133,233	161,629	186,032	232,423	260,987
Total Equity	74,960	80,562	85,916	108,349	117,016
Net Assets Attributable to Owners of the Company	74,960	80,562	85,916	108,349	117,016
Number of Shares after the IPO ('000)	178,321	178,321	178,321	423,005	423,005
Net Assets per Share Attributable to Owners of the Company (RM)	0.42	0.45	0.48	0.26	0.28
Weighted Average Number of Shares in Issue ('000)	322,952 ⁽¹⁾	356,641 ⁽¹⁾	356,641 ⁽¹⁾	378,755	423,005
Basic and Diluted Earnings per Share ("EPS") ⁽²⁾ (sen)	1.94	1.85	2.06	2.29	2.73
Gearing Ratio (times) ⁽³⁾	0.03	0.09	0.09	0.13	0.05

Notes:

- The weighted average number of ordinary shares in issue for the FYE 2021 to FYE 2023 have been adjusted to reflect the bonus issue which was completed on 13 September 2024.
- Basic earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price during the financial year does not exceed the exercise price of the warrants.
- Gearing Ratio is calculated based on borrowings/total debts over total equity.





Board of Director ("Board")

See Swee Ling
Executive Director

See Tin Hai
*Founder and
Executive Director*

See Cul Wei
Executive Director

Yoong Woei Yeh
*Chief Executive Officer ("CEO")
and Executive Director*





**Haji Mohd Jaffar
Bin Awang (Ismail)**
*Independent
Non-Executive Chairman*

Tan Sui Huat
*Senior Independent
Non-Executive Director*

Poh Boon Huwi
*Independent
Non-Executive Director*

Ong Kheng Swee
*Independent
Non-Executive Director*





DIRECTORS' PROFILES

HAJI MOHD JAFFAR BIN AWANG (ISMAIL)

Independent Non-Executive Chairman

Malaysian | Male | Age 73

Haji Mohd Jaffar Bin Awang (Ismail) was appointed as Independent Non-Executive Chairman of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He holds a Bachelor of Social Science with Honours from Universiti Sains Malaysia and Master of Arts (South East Asian Studies) from the University of Hull, United Kingdom.

He has more than 30 years of experience in the government, serving the Johor Civil Service since January 1978 where he held the position of Mayor at Johor Bahru City Council at the time he retired in August 2011.

Currently, he is an Independent Non-Executive Director of Atlan Holdings Berhad which is listed on the Main Market of Bursa Securities. Haji Mohd Jaffar Bin Awang (Ismail) is also a director of a public company, Ang Tiong Loi Tasek Maju Charity Berhad. Save for the above, he does not hold directorship in any other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2025.

SEE TIN HAI

Founder and Executive Director

Malaysian | Male | Age 65

See Tin Hai was appointed as Executive Director on 21 February 2020 (upon the Company's incorporation).

He is not a member of any of the Company's Board Committees.

See Tin Hai is an entrepreneur with more than 40 years of experience in the construction industry. In 1980, he started his own business undertaking house renovation, electrical and wiring works after completing his SPM. In 2001, he invested in a building construction company and was appointed as a Director, overseeing the construction projects undertaken by the said building construction company. He subsequently resigned as a Director in March 2020 and sold his shares in the company in May 2020. With the experience gained over the years, See Tin Hai founded Haily Construction with his wife, Kik Siew Lee in May 2007 to tender and undertake construction services for property developers.

He does not hold any directorship in other public companies and listed corporations.

See Tin Hai is the father of See Swee Ling and See Cul Wei and is father-in-law of Yoong Woei Yeh, all of whom are Executive Directors of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILES CONT'D

YOONG WOEI YEH

CEO and Executive Director

Malaysian | Male | Age 47

Yoong Woei Yeh was appointed as Executive Director on 21 February 2020 (upon the Company's incorporation) and was subsequently appointed as CEO of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He holds a Bachelor of Engineering (Civil) from Universiti Teknologi Malaysia (UTM). He is also a graduate member of the Institute of Engineers Malaysia and the Board of Engineers Malaysia.

Yoong Woei Yeh started his career as a site engineer in June 2002 upon graduation from UTM and had served in various key positions in several construction companies before joining Haily Construction in February 2009 as Project Engineer. He was appointed as a Director of Haily Construction in April 2012 and was promoted to the position of CEO of Haily Construction in May 2019.

He does not hold any directorship in other public companies and listed corporations.

Yoong Woei Yeh is the son-in-law of See Tin Hai, spouse of See Swee Ling and brother-in-law of See Cul Wei, all of whom are Executive Directors of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2025.

SEE SWEE LING

Executive Director

Malaysian | Female | Age 40

See Swee Ling was appointed as Executive Director of the Company on 2 September 2020.

She is not a member of any of the Company's Board Committees.

She holds a Bachelor of Arts in Accounting & Finance from the University of East London.

Upon graduation in 2009, See Swee Ling joined Haily Construction as an Accounts Assistant and was appointed as Director of Haily Construction in April 2012.

She does not hold any directorship in other public companies and listed corporations.

See Swee Ling is the daughter of See Tin Hai, spouse of Yoong Woei Yeh and sister of See Cul Wei, all of whom are Executive Directors of the Company.

She attended all 5 Board meetings held during the financial year ended 31 December 2025.



DIRECTORS' PROFILES CONT'D

SEE CUL WEI

Executive Director

Malaysian | Female | Age 32

See Cul Wei was appointed as Executive Director of the Company on 25 May 2022.

She is not a member of any of the Company's Board Committees.

She holds a Bachelor of Science (Honours) in Architecture from Taylor's University and Master of Arts (M.A.) from Anhalt University of Applied Sciences, Dessau in Germany.

Upon graduation in 2020, See Cul Wei joined a professional architecture firm as a Project Architect until November 2021 when she left to join Haily Construction as an Assistant Project Manager and was subsequently promoted to the position of Head of Design in January 2025.

She does not hold any directorship in other public companies and listed corporations.

See Cul Wei is the daughter of See Tin Hai, sister of See Swee Ling and sister-in-law of Yoong Woei Yeh, all of whom are Executive Directors of the Company.

She attended all 5 Board meetings held during the financial year ended 31 December 2025.

TAN SUI HUAT

Senior Independent Non-Executive Director

Malaysian | Male | Age 70

Tan Sui Huat was appointed as Independent Non-Executive Director of the Company on 2 September 2020.

He is currently the Chairman of the Nominating Committee and a member of the Remuneration Committee as well as the Audit and Risk Management Committee of the Company.

Tan Sui Huat holds a Bachelor of Laws from University of London, United Kingdom. He was admitted to the Honourable Society of Lincoln's Inn and was called to the English Bar as a Barrister-At-Law. In July 1984, Tan Sui Huat was admitted as an Advocate and Solicitor of the High Court of Malaya. He commenced his legal career in July 1984 and served with several law firms before joining K H Koh, Azhar & Koh ("K H Koh"). He is currently the Managing Partner at K H Koh.

He does not hold any directorship in other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILES CONT'D

ONG KHENG SWEE

Independent Non-Executive Director

Malaysian | Male | Age 68

Ong Kheng Swee was appointed as Independent Non-Executive Director of the Company on 2 September 2020.

He is currently the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee as well as the Remuneration Committee of the Company.

He is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow of the Malaysian Institute of Taxation.

Ong Kheng Swee had previously held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector, including serving as the Executive Director ("ED") / Chief Financial Officer ("CFO") of an automotive components distribution company listed on the Main Market of Bursa Securities till 2020.

He is currently a Non-Independent Non-Executive Director of Power Root Berhad which is listed on the Main Market of Bursa Securities.

Save for the above, he does not hold directorship in any other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2025.

POH BOON HUWI

Independent Non-Executive Director

Malaysian | Female | Age 71

Poh Boon Huwi was appointed as Independent Non-Executive Director of the Company on 24 November 2021.

She is currently the Chairman of the Remuneration Committee and a member of the Nominating Committee as well as the Audit and Risk Management Committee of the Company.

She holds a Bachelor of Commerce from the University of Otago, New Zealand and is a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

Poh Boon Huwi started her career in New Zealand in January 1980 as an Assistant Accountant and she returned to Malaysia to work in an accounting firm in September 1981. Since 1984, she has held various key positions in the internal audit department of several financial institutions until her retirement in January 2012.

Currently, she is assisting in the management of her family's oil palm plantation business and other investments.

She does not hold any directorship in other public companies and listed corporations.

She does not have any family relationship with any director and/or major shareholder of the Company.

She attended all 5 Board meetings held during the financial year ended 31 December 2025.

Competition / Conflict of Interest

None of the directors has been involved in any business which will give rise to competition/conflict or potential conflict of interest with the current business of the Group during the financial year and up to the date of this Report.

Conviction for Offences

None of the directors has any convictions for offences within the past 5 years (other than traffic offences, if any) or subject to public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



Key Senior Management



Yap Yoong Fah
Chief Financial Officer
("CFO")



Lim Kok Siang
Chief Operating Officer
("COO")



KEY SENIOR MANAGEMENT'S PROFILES

LIM KOK SIANG

Chief Operating Officer (COO)

Malaysian | Male | Age 48

Lim Kok Siang was appointed as COO of the Company on 2 September 2020.

He holds a Diploma in Quantity Surveying and a Bachelor of Science (Building) from Universiti Teknologi Malaysia (UTM) as well as Master of Business Administration (MBA) from the UNITAR International University.

Lim Kok Siang has held various key positions in several construction and property development companies before joining Haily Construction in April 2010 as Contract Executive. He was promoted to Contract Manager in July 2011 before being appointed COO of Haily Construction in May 2019.

He does not hold any directorship in other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

YAP YOONG FAH

Chief Financial Officer (CFO)

Malaysian | Male | Age 57

Yap Yoong Fah was appointed as Chief Financial Officer (CFO) of the Company on 22 September 2025.

Yap Yoong Fah holds a Bachelor Degree in Accountancy from Universiti Utara Malaysia and is a Chartered Accountant of the Malaysian Institute of Accountants.

Yap Yoong Fah started with an international accounting firm in 1994 and subsequently moved into senior finance positions in various industries covering packaging, marine operations, construction, healthcare and steel fabrication before joining Haily Group Berhad in September 2025 as CFO.

He does not hold any directorship in any other public listed companies and listed corporations.

He has no family relationship with any directors and/or major shareholders of the Company.

Competition / Conflict of Interest

During the financial year and up to the date of this Report, none of the key senior management (whom are not executive directors) has been involved in any business which will give rise to competition/conflict or potential conflict of interest with the current business of the Group.

Conviction for Offences

None of the key senior management (whom are not executive directors) has any convictions for offences within the past 5 years (other than traffic offences, if any) or subject to public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



MANAGEMENT DISCUSSION AND ANALYSIS



Dear Valued Shareholders,

On behalf of the Board of Directors of Haily, I am pleased to present our review of the financial and operational performance of our Group for the financial year ended 31 December 2025.

Yoong Woei Yeh
CEO and Executive Director

INTRODUCTION

Malaysia's economy grew by 5.2% in 2025, on account of strong domestic demand and favourable exports, exceeding the forecast range of 4.0% - 4.8%. This growth momentum is expected to continue in 2026, supported by resilient domestic demand and exports.

On the domestic front, household spending will benefit from the continued support from employment and wage growth, as well as Government policy measures. Investment activity will be driven by the further progress of multi-year projects in both the private and public sectors, with continued realisation of approved investments and implementation of catalytic initiatives under national master plans and the Thirteenth Malaysia Plan (13MP). On the external front, export growth will be underpinned by steady global demand, particularly for Electrical and Electronic goods. Growth will also be supported by increased tourism activities following the launch of Visit Malaysia Year 2026.

The Construction industry recorded a value of RM178.6 billion, registering a growth of 12.5% as compared to 20.2% in the preceding year. The growth was driven by increase in Special trade activities (22.8%), Non-residential buildings (16.3%) and Residential buildings (13.9%) sub-sectors. Meanwhile, the Civil engineering sub-sector posted a more moderate growth of 5.9% (2024: 17.3%). Overall, Malaysia's Construction sector in 2025 continued to expand, supported by positive performance across all sub-sectors, albeit at a more measured pace compared to 2024.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF OPERATIONS AND BUSINESS STRATEGIES

TOTAL CONTRACT VALUE

RM487.26 MILLION

(FROM 13 PROJECTS AWARDED TO OUR GROUP IN THE FYE 2025)

RM2.29 BILLION

(FROM TOTAL OF 115 PROJECTS COMPLETED BY OUR GROUP SINCE 2008 UP TO 31 MARCH 2026)

TOTAL ORDER BOOK

RM1.30 BILLION

(FROM 27 ON-GOING PROJECTS UNDERTAKEN BY OUR GROUP AS AT 31 MARCH 2026)

Our Group is principally involved in building construction of residential and non-residential buildings. As a Grade 7 main contractor registered with the Construction Industry Development Board Malaysia, our Group is responsible for the total project construction including the external built-environment covering civil works and infrastructure within the project area, as well as the physical buildings. Residential buildings consist of single and multi-dwelling buildings while non-residential buildings consist of commercial, purpose-built, industrial and institutional buildings. Other segment of our Group's activities include civil engineering construction works, rental of construction machinery and equipment, and agricultural activities of managing and harvesting of durian and other fruits.

Our Group's revenue for the financial year ending 31 December 2026 ("FYE 2026") would be supported by a healthy order book of approximately RM1.30 billion from a total of 27 on-going projects as at 31 March 2026, which is expected to be progressively completed from 2026 to 2029.

Our Group continues to lean on our competitive advantages and key strengths, namely:

- (i) Our established track record as an experienced building contractor in Johor;
- (ii) Our track record in providing quality construction works;
- (iii) Our ability to carry out building construction projects as a main contractor;
- (iv) Our experienced Executive Directors ("EDs") and key senior management; and
- (v) Our Group's on-going projects which will sustain us for the near term.

Our Group will continue to focus on our core competency in building construction in Johor, as supported by our track record of more than 18 years since the commencement of our business operations in 2008. While our on-going projects are mainly focused in the districts of Johor Bahru, Kulai and Pontian, all in Johor, we will continue to leverage on our experience and extend our reach to other districts in Johor and focus on construction projects involving residential, commercial and industrial buildings. Our Group will continue to tender for projects located at other districts in Johor, should the opportunities arise. Moving forward, our Group expects its performance to be continuously driven by our ability to successfully complete the on-going construction projects.

REVIEW OF FINANCIAL PERFORMANCE

Our Group's revenue is derived from 2 segments, namely the building construction and the others segments. The building construction segment comprises building construction activities of residential and non-residential buildings. The others segment is comprised of the civil engineering construction works, rental of construction machinery and equipment and agricultural activities of managing and harvesting of durian and other fruits.

**MANAGEMENT DISCUSSION AND ANALYSIS** CONT'D**REVIEW OF FINANCIAL PERFORMANCE** CONT'D

The following table illustrates the comparison of financial highlights of our Group for the FYE 2025 and FYE 2024:

	FYE 2025 RM'000	FYE 2024 RM'000	Changes	
			RM'000	%
FINANCIAL RESULTS				
<u>Financial Indicators</u>				
Revenue	431,226	320,845	110,381	34.40
Gross profit ("GP")	38,803	30,886	7,917	25.63
Profit before taxation ("PBT")	16,670	12,270	4,400	35.86
Profit after taxation ("PAT")	11,544	8,659	2,885	33.32
Profit attributable to owners of the Company	11,544	8,659	2,885	33.32
<u>Financial Ratios</u>				
GP margin (%)	9.00	9.63	(0.63)	(6.54)
PBT margin (%)	3.87	3.82	0.05	1.31
PAT margin (%)	2.68	2.70	(0.02)	(0.74)
Basic and Diluted Earnings per Share ⁽¹⁾⁽³⁾ (sen)	2.73	2.29	0.44	19.21
Dividend per Share ⁽²⁾ (sen)	0.35	0.69	(0.34)	(49.28)
Weighted average number of ordinary shares in issue ⁽³⁾ ('000)	423,005	378,755	44,250	11.68
FINANCIAL POSITION				
<u>Financial Indicators</u>				
Total assets	260,987	232,423	28,564	12.29
Total liabilities	143,971	124,075	19,896	16.04
Net assets ("NA")	117,016	108,349	8,667	8.00
Net current assets	106,685	98,501	8,184	8.31
Borrowings	6,216	13,852	(7,636)	(55.13)
Cash and cash equivalents	48,428	18,078	30,350	167.88
<u>Financial Ratios</u>				
Current ratio	1.76	1.82	(0.06)	(3.30)
Gearing (times)	0.05	0.13	(0.08)	(61.54)
NA per Share ⁽⁴⁾ (sen)	27.66	25.61	2.05	8.00

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

Notes:

- (1) *Basic earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.*
- Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price during the financial year does not exceed the exercise price of the warrants.*
- (2) *Dividend per share is calculated based on the dividend declared and distributed by the Company for the FYE 2024 and FYE 2025 of 2.61 million and RM1.48 million respectively divided by the weighted average number of ordinary shares in issue during the respective financial years.*
- (3) *The weighted average number of ordinary shares in issue for the FYE 2024 have been adjusted to reflect the bonus issue which was completed on 13 September 2024.*
- (4) *NA per share is calculated based on the net assets divided by Company's issued share capital as at 31 December 2025 of 423,005,400 shares (31 December 2024: 423,005,400 shares).*

For the FYE 2025, our Group's revenue was mainly attributable to our building construction activities which contributed 99.78% of our Group's total revenue. Our Group's segment breakdown for revenue for the FYE 2025 and FYE 2024 are as follows:

	FYE 2025		FYE 2024		Changes	
	RM'000	%	RM'000	%	RM'000	%
Building construction	430,284	99.78	315,984	98.48	114,300	36.17
Others	942	0.22	4,861	1.52	(3,919)	(80.62)
Total	431,226	100.00	320,845	100.00	110,381	34.40

For the FYE 2025, our Group reported a higher revenue of RM431.23 million, representing an increase of RM110.38 million or 34.40% as compared to RM320.85 million registered for the FYE 2024. The increase in revenue was mainly attributable to the increase in revenue recognised from our Group's building construction segment which increased from RM315.98 million for the FYE 2024 to RM430.28 million for the FYE 2025, representing an increase of RM114.30 million or 36.17%. However, the revenue of the Group's others segment declined to RM0.90 million in FYE 2025 mainly due to the scaling down of the agriculture activities during the year compared to the RM4.86 million generated in previous FYE 2024.

In line with the higher revenue, our Group reported a higher GP of RM38.80 million for the FYE 2025, representing an increase of RM7.91 million or 25.63% as compare to the GP of RM30.89 million registered for the FYE 2024. The Group's Gross Profit margin experienced a marginal contraction, easing to 9.00% for FYE 2025 compared to 9.63% in FYE 2024 mainly due to the lower operational activities of the Others segment.

PBT increased from RM12.27 million for the FYE 2024 to RM16.67 million for the FYE 2025, representing an increase of RM4.40 million or 35.86%. As compared to the PAT of RM8.66 million for the FYE 2024, our Group registered a PAT of RM11.54 million for the FYE 2025, representing an increase of RM2.89 million or 33.32%.



MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

In line with the increase in revenue in FYE 2025, our Group's total assets grew by 12.29% or RM28.56 million, to RM260.99 million as at 31 December 2025 compared to RM232.42 million as at 31 December 2024. This was mainly due to the increase in trade and other receivables by RM30.02 million from RM109.61 million as at 31 December 2024 to RM139.63 million as at 31 December 2025. The contract assets reduced by RM24.37 million from RM79.09 million as at 31 December 2024 to RM54.72 million as at 31 December 2025. Notably, Cash and short-term deposits increased by RM21.69 million to RM51.89 million as at 31 December 2025 from RM30.20 million as at 31 December 2024.

Our Group's total liabilities increased from RM124.07 million as at 31 December 2024 to RM143.97 million as at 31 December 2025, representing an increase of RM19.89 million or 16.03%. This was mainly due to the increase in the trade and other payables by RM26.44 million from RM108.74 million as at 31 December 2024 to RM135.18 million as at 31 December 2025 in line with the higher level of operations. Our Group's gearing ratio reduced from 0.13 times as at 31 December 2024 to 0.05 times as at 31 December 2025.

Consequently, our Group's NA improved from RM108.35 million as at 31 December 2024 to RM117.02 million as at 31 December 2025, representing an increase of RM8.67 million or 8.00%.

A summary of our Group's cash flow position for the FYE 2025 and FYE 2024 is shown:

	FYE 2025 RM'000	FYE 2024 RM'000
Net cash from operating activities	36,790	911
Net cash used in investing activities	(1,674)	(4,118)
Net cash (used in) / from financing activities	(4,946)	12,277
Net increase in cash and cash equivalents	30,350	9,070
Cash and cash equivalents at the beginning of the financial year	18,078	9,008
Cash and cash equivalents at the end of the financial year	48,428	18,078

During the FYE 2025, our Group recorded a net cash flow generated from its operating activities of RM36.97 million as compared to RM0.91 million net cash from operating activities as at FYE 2024. Our Group's net cash used in investing activities decreased from RM4.12 million for the FYE 2024 to RM1.67 million for the FYE 2025. In respect of our Group's financing activities, in FYE 2025 the net cash used was RM4.95 million compared to net cash generated of RM12.28 million for the FYE 2024 which was contributed by the proceeds from the issuance of ordinary shares pursuant to the private placement exercise and conversion of warrants. Resulting therefrom, our Group's net increase in cash and cash equivalents for the FYE 2025 was RM30.35 million. As at the date of this report, our Board and management have no plans or commitment for any major capital expenditure which would have a significant effect on the future cash flows.

Our Group's net current asset position for the financial year under review remains healthy and showed an improvement from RM98.50 million as at 31 December 2024 to RM106.69 million as at 31 December 2025, representing an increase of RM8.19 million or 8.31%. Based on the above, our Board believes that our Group has sufficient working capital resources for our existing and foreseeable requirements for the remaining period of the FYE 2026.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

KEY RISK FACTORS

- (i) **The continuity of increasing our order book is not assured and any significant decline in our order book will adversely affect our long-term sustainability and growth**

Our principal business is in the construction of residential and non-residential buildings. As the nature of our construction business is project-based, there is no assurance that we are able to continuously secure new projects, nor any assurance that new projects secured will be on commercial terms favourable to us. In our industry, it is common for jobs to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure. There is a risk we may not be able to secure every contract that we tender for. Our financial performance depends on our ability to secure new projects to sustain our order book. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential and future financial performance.

Our order book is subject to unexpected project cancellations or scope adjustments which may occur from time to time. There can be no assurance that our current order book can be continually maintained at such level in the future and there can also be no certainty that projects from our order book will not be delayed or terminated and we may face a situation of delays in securing new contracts. Any delay, cancellation or reduction in the contract value or scope of work for the projects secured in our order book, will reduce the value of our order book and revenues to be generated thereafter, which in turn may affect our long-term sustainability and business growth as well as the future financial performance of our Group.

- (ii) **Our business and financial performance may be affected if there are delays in completion of projects**

Construction projects are subject to certain timelines and budgets. Any delays in the timeline of a project will usually result in project cost overruns, attract negative publicity and result in legal uncertainties such as potential liquidated damages claims from our customers. The timely completion of projects undertaken by us is dependent on many external factors inherent in the construction industry including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, equipment and labour, availability of financing and satisfactory performance of subcontractors appointed, unexpected soil conditions, safety and site condition, shortage of raw materials and labour, adverse weather conditions and adverse changes to government policies (e.g. change in foreign labour policies). Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing liquidated damages on us that could affect our profitability and cash flows.

- (iii) **We are dependent on the services and quality of our subcontractors' and our consultants' works**

We usually engage subcontractors to carry out different parts of our construction activities such as building works, mechanical and electrical works, external and fencing work as well as specialised trade work such as, painting and coating, roofing, waterproofing, landscaping and infrastructure works. We may also engage third party consultants to carry out specialist work scopes such as structural designs and surveying works for our projects. Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of quotations submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon negotiation of pricing, scope of works and the bills of quantities, we will issue letters of award to the subcontractors.

We are subject to risks associated with non-performance, late performance and poor performance by our subcontractors. If our subcontractors or consultants fail to perform their duties, or are unable to deliver their services in a timely manner, or deliver substandard work to us, we may be subject to defects liability claims from our customers, or liquidated damages arising from delay in completion of our projects. Any faults in the technical or design standards by our third-party consultants may also cause material delay or interruption to the implementation and completion of our projects. We may be susceptible to risks of our customers claiming against our performance bond (if any), or legal liabilities arising from such defects or substandard works.



MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

KEY RISK FACTORS CONT'D

(iv) Shortages of construction materials, fluctuation in construction material prices and any unanticipated increases in costs associated with our construction projects may impair our financial performance

Shortages of construction materials and any increase in the cost of construction for our projects may have a material adverse impact on our business and financial performance. Our construction materials consist mainly of concrete and cement materials, steel-based materials, brickwork materials and tiles, timber and plywood, doors, windows and other related construction materials required in our construction activities. Thus, we are dependent on the continuous supply of such materials which are sourced from suppliers in Malaysia.

Our construction materials are price sensitive, and we face the risk of obtaining sufficient quantities of construction materials at competitive prices. Our construction materials such as steel and cement materials are subject to global market price fluctuations and if such materials are imported by our suppliers, will be subject to foreign currency fluctuations. Furthermore, contracts with our customers generally do not cater for such price fluctuations of construction materials, as such, we are exposed to the risk of price fluctuations.

In view of the above, our cash flows and profitability are dependent on our ability to accurately estimate the cost associated with our projects, which are dependent on a variety of factors, amongst others, such as conditions at the construction sites, contagious diseases, cost of construction materials and labour and delay in the availability of financing. These variations may cause actual gross profit for a project to differ from those original estimates which may result, in certain contracts having lower profit margins than anticipated or losses if actual contract exceeds its estimates, and thereafter, would reduce our profitability, cash flows, liquidity and impact our financial performance negatively.

(v) We depend on our key senior management for our continued success

We believe that our continued and future success largely depends on our continued ability to hire, develop, motivate and retain qualified personnel such as our EDs and key senior management for their experience, expertise and efforts to support our business activities and provision of quality construction projects to our customers. Having an experienced key management team is vital to maintain the quality of our construction projects whilst retaining the business confidence of our customers. If we lose the services of our EDs and/or key senior management, and are unable to find suitable and timely replacements, our business performance and prospects will be materially and adversely affected.

The loss of any of our EDs and/or key senior management and the ensuing impact arising from transition in key senior management functions or discontinuity in knowledge transfer, could have a material adverse effect on our business operations, performance and prospects.

PROSPECTS AND OUTLOOK

The construction sector is expected to remain stable in 2026 by recording a growth of **6.1%**, underpinned by positive performance across all subsectors (*Source: Economic Outlook 2026, Ministry of Finance Malaysia*). Despite the ongoing geo-political uncertainties, regional conflicts and economic uncertainties and rising cost pressures, the Group is confident that the growth in the construction sector, driven largely by the civil engineering, residential, and non-residential building segments, will continue and in particular, the residential subsector is expected to benefit from new launches within the affordable and mid-market housing segments, as well as integrated township developments across key growth corridors. Growth prospects are further supported by the continued development of the Johor-Singapore Special Economic Zone in 2026, alongside the fiscal budget allocation of **RM3.4 billion** for infrastructure development (*Source: Budget 2026, Touchpoints, Ministry of Finance Malaysia*).

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

PROSPECTS AND OUTLOOK CONT'D

In light of the above and the Group's order book to date, the Group remains cautiously optimistic about the sustained demand for its construction services in both residential and non-residential building projects in the coming years. The Group will continue to focus on its core competency in building construction within Johor, underpinned by its established track record of over 18 years since commencing operations in 2008. Over the years, the Group has consistently strengthened its core team of skilled and experienced personnel to support a growing project portfolio, while keeping pace with evolving construction technologies and industry trends. At the same time, the Group remains committed to enhancing its sustainability practices and implementing initiatives aligned with its sustainability objectives.

The Group's ongoing projects are primarily concentrated in Johor Bahru, Kulai and Pontian. Moving forward, the Group intends to leverage its experience and capabilities to expand its presence into other districts within Johor, while continuing to focus on residential, commercial, and industrial construction projects. The Group will also actively pursue and tender for new projects as opportunities arise.

The Group continues to explore and secure new construction opportunities. Supported by its existing order book, the Group remains positive about its prospects for the coming year, notwithstanding uncertainties arising from global economic conditions, regional conflicts, and geopolitical developments. The Group remains steadfast in its commitment to capitalise on available opportunities and is cautiously optimistic that its financial performance for the financial year ending 2026 will remain favourable.

DIVIDENDS

For the FYE 2025, our Company had declared the first interim single tier dividend of 0.35 sen per ordinary share on 28 August 2025 amounted to RM1.48 million which was paid on 17 October 2025 to members whose names appeared in the Record of Depositors as at 19 September 2025.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Management team, we would like to convey our sincere thanks to all our shareholders, esteemed customers, bankers, sub-contractors, suppliers as well as the other business partners and associates for their contribution to the success of the Group in one way or another. Our success would not have been possible without their continuous support and confidence in Haily Group.

In closing, I would like to extend my profound appreciation to my fellow colleagues on the Board for their guidance and support and valued contributions. Lastly but certainly not the least, I would like to record my gratitude to the management team and all the employees of the Haily Group for their continuous perseverance and unrelenting efforts and commitment in ensuring the success of our Group.

Yoong Woei Yeh
CEO and Executive Director



SUSTAINABILITY STATEMENT

1. Our Path to a Sustainable Future

Haily is pleased to present this Sustainability Statement (“SS”) for the financial year ended 31 December 2025 (“FY 2025”). This SS outlines the Group’s approach to managing sustainability-related risks and opportunities arising from its construction activities, and how these factors are incorporated into its operational and business strategies. This SS should be read together with the Group’s Financial Statements for FY 2025.

As a construction-focused organisation, Haily acknowledges that its operations are closely linked to environmental impact, resource utilisation and workplace safety. The Group is committed to conducting its projects responsibly by integrating environmental, social and governance (“ESG”) considerations into project planning, execution and delivery.

In response to increasing regulatory expectations and industry standards, the Group continues to strengthen its sustainability practices, particularly in areas such as construction site management, occupational health and safety, and efficient use of materials and resources. These efforts support the Group’s ability to deliver quality projects while managing operational risks and maintaining compliance with applicable laws and regulations.

During FY 2025, the Group enhanced its sustainability-related disclosures to provide clearer visibility on how ESG factors are embedded within its construction operations and project lifecycle. Haily remains focused on aligning its sustainability approach with industry practices to support long-term project delivery capabilities and business resilience.

Our Principal Business Activities

Haily is principally involved in the construction of residential and non-residential buildings, as well as infrastructure works. The Group operates primarily in Johor, Malaysia, where its project portfolio is concentrated.

The Group undertakes construction activities through its core subsidiary, supported by other entities that provide specialised services such as machinery support, civil engineering works and ancillary business activities.

The principal subsidiaries and their respective roles within the Group are as follows:

Company Name	Principal Business Activities	Location
Haily Construction Sdn. Bhd.	Building construction of residential and non-residential Building	Malaysia
Haily Development Sdn. Bhd.	Dormant	Malaysia
Haily Machinery Sdn. Bhd.	Provision of rental of construction machinery	Malaysia
Haily Capital Sdn. Bhd.	Agricultural activities of managing and harvesting of durian and other fruits	Malaysia
Haily Engineering Sdn. Bhd.	Civil engineering services and infrastructure construction projects	Malaysia

The Group holds a G7 contractor licence, which enables it to undertake construction projects of unlimited value in Malaysia. Its operations are largely based in Johor, including key areas such as Johor Bahru and Kulai.

Given the nature of its operations, Haily places strong emphasis on construction quality, site safety, regulatory compliance and efficient project execution, while managing environmental impacts associated with construction activities.

SUSTAINABILITY STATEMENT CONT'D

1. Our Path to a Sustainable Future CONT'D

Our Value Chain

Haily's value chain reflects the typical lifecycle of construction projects, from procurement of materials and subcontractor engagement to project execution and delivery.

The Group has identified the sustainability-related risks and impacts may arise across its construction activities. This includes evaluating environmental impacts from construction materials, emissions from machinery usage, and safety risks at project sites.

Through this process, the Group is able to:

- Identify key ESG risks associated with construction activities and project delivery;
- Assess environmental impacts, including energy use and emissions from equipment and site operations;
- Strengthen monitoring and control processes across construction sites; and
- Enhance coordination with suppliers and subcontractors to promote responsible practices.

This assessment supports the Group's broader risk management framework and provides a basis for sustainability disclosures aligned with the National Sustainability Reporting Framework ("NSRF") and IFRS Sustainability Disclosure Standards.

Value Chain Overview

Value Chain Stage	Key Activities	Key ESG Considerations
Upstream	Procurement of construction materials, engagement of subcontractors, sourcing of machinery and equipment.	Material sourcing, supplier compliance, environmental footprint of materials, logistics impact.
Core Operations	Site preparation, construction works, project management, machinery operation.	Site safety, energy consumption, emissions, waste management, regulatory compliance.
Downstream	Project completion, handover to clients, defect management and maintenance.	Build quality, safety standards, client satisfaction, compliance with building regulations.

Identifying Key Areas to Drive Our Sustainability Strategy

The Group has identified sustainability-related risks and opportunities that are relevant to its construction operations and project lifecycle. Climate-related considerations, including emissions from construction activities and resource use, have been assessed as financially material and are disclosed in line with IFRS S2 requirements.

Other ESG matters, including workplace safety, regulatory compliance and stakeholder engagement, are disclosed on a voluntary basis, taking into account Bursa Malaysia's sustainability reporting expectations and the NSRF.

The identification process involved assessing operational risks across construction sites, supply chain dependencies and regulatory requirements. This enables the Group to understand how sustainability-related factors may impact project delivery, cost management and long-term business performance.

Based on this assessment, Haily has implemented management measures to address identified risks, including strengthening site-level controls, improving safety practices and enhancing operational oversight.



SUSTAINABILITY STATEMENT CONT'D

1. Our Path to a Sustainable Future CONT'D

A. ENVIRONMENTAL



- Energy Cost Volatility
- Carbon Pricing Exposure
- Climate Physical Risk (Flooding)
- Water Dependency

B. SOCIAL



- Talent Retention
- Skills Gap
- Workplace Safety
- Employee Wellbeing
- Human Rights in Operations

C. GOVERNANCE



- Cybersecurity
- Data Privacy Compliance
- Anti-Bribery Exposure
- Board Oversight of Sustainability
- Supply Chain Integrity

A. ENVIRONMENTAL

Energy Cost Volatility

Haily's construction activities require the use of electricity for site offices and fuel for machinery and transportation, making the Group exposed to fluctuations in energy prices. Increases in electricity tariffs and fuel costs may affect project cost structures and overall margins.



To manage this, the Group monitors energy consumption across its operations and promotes efficient use of equipment and machinery. The Group implements Initiatives including the installation of solar photovoltaic panels at its headquarters, which enhance cost management while reducing reliance on grid electricity and exposure to energy price volatility.



Carbon Pricing Exposure

Evolving environmental regulations, including potential carbon pricing mechanisms, may increase compliance and operational costs within the construction sector. These developments may require additional monitoring, reporting and adoption of lower-emission practices.



The Group continues to monitor regulatory developments and assess the feasibility of implementing more sustainable technologies and practices. This proactive approach supports regulatory readiness while managing potential future cost implications.



Climate Physical Risk (Flooding)

Construction operations are exposed to physical climate risks such as heavy rainfall and flooding, which may disrupt project timelines, damage materials and increase site management costs.



To mitigate these risks, the Group conducts site-level risk assessments and implements appropriate measures, including drainage improvements and contingency planning. These actions support operational resilience and minimise project disruptions.



SUSTAINABILITY STATEMENT CONT'D

1. Our Path to a Sustainable Future CONT'D

A. ENVIRONMENTAL CONT'D

Water Dependency

Water is an essential resource for construction activities, and disruptions in supply may affect project execution and efficiency. Increasing regulatory focus on water management may also introduce additional compliance requirements.

The Group promotes responsible water usage across its sites and engages alternative water supply arrangements where necessary to ensure continuity of operations. In addition, the Group is in the process of evaluating water efficiency initiatives such as rainwater harvesting to strengthen long-term resource resilience.



B. SOCIAL

Talent Retention

A stable and experienced workforce is essential to ensure consistent project execution and operational efficiency. High employee turnover may lead to increased recruitment and training costs, as well as disruptions to project continuity.

The Group supports employee retention through structured performance evaluations, training programmes and employee engagement initiatives, fostering a positive working environment and supporting long-term workforce stability.



Skills Gap

The construction industry requires a skilled workforce to maintain quality, safety and efficiency. Insufficient technical capabilities may result in errors, rework and project delays.

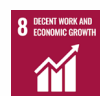
To address this, the Group conducts regular training needs assessments and provides targeted training and certification programmes to enhance employee competencies and ensure alignment with operational requirements.



Workplace Safety

Construction activities involve inherent safety risks due to the use of heavy machinery and physically demanding work environments. Workplace incidents may lead to operational disruptions, regulatory penalties and reputational risks.

The Group maintains strict safety practices through Occupational Safety and Health (“OSH”) Committee oversight, regular monitoring and training initiatives, including emergency response programmes. These measures promote a strong safety culture and support a safe working environment.





SUSTAINABILITY STATEMENT CONT'D

1. Our Path to a Sustainable Future CONT'D

B. SOCIAL CONT'D

Employee Wellbeing

Employee well-being is an important factor influencing productivity, engagement and retention. Challenging working conditions may affect morale and overall workforce performance.



The Group provides a comprehensive range of employee benefits, health support initiatives and engagement activities to promote a supportive and inclusive working environment. These efforts contribute to improved morale and operational efficiency.

Human Rights in Operations

The Group's reliance on subcontractors and external labour requires careful management of labour practices and ethical standards. Non-compliance with labour requirements may result in legal and reputational risks.



Haily upholds ethical workplace practices through the implementation of policies on anti-discrimination and anti-harassment, supported by a code of conduct and grievance mechanisms. The Group also promotes diversity and inclusion within its workforce, fostering a respectful and equitable working environment.



C. GOVERNANCE

Cybersecurity

The Group relies on digital systems to support its operations, making it exposed to cybersecurity risks such as data breaches and system disruptions.



To safeguard its systems, Haily has implemented cybersecurity measures including firewall protection, system monitoring and access controls. These practices help maintain data integrity and support operational continuity.

Data Privacy Compliance

The handling of employee, client and business data exposes the Group to regulatory requirements relating to data protection. Non-compliance may result in legal and reputational consequences.



The Group requires employees to acknowledge and comply with data protection requirements and is in the process of strengthening its data governance practices to enhance compliance and safeguard sensitive information.

Anti-Bribery Exposure

The construction industry is exposed to risks of bribery and corruption, particularly in procurement and contract management processes. Such risks may result in regulatory action and reputational damage.



Haily has implemented an Anti-Bribery and Anti-Corruption policy supported by employee training and awareness programmes. These measures promote ethical conduct and strengthen governance practices across the Group.

SUSTAINABILITY STATEMENT CONT'D

1. Our Path to a Sustainable Future CONT'D

C. GOVERNANCE CONT'D

Board Oversight of Sustainability

Effective oversight of sustainability-related matters is essential to ensure alignment with the Group's strategic objectives and regulatory expectations.

The Board of Directors, supported by relevant committees, provides oversight of sustainability strategies, risk management processes and performance. This governance structure ensures accountability and effective management of ESG matters.



Supply Chain Integrity

The Group relies on suppliers and subcontractors for construction materials and services, making supply chain reliability and compliance critical to project delivery.

Haily applies a structured approach to supplier selection and monitoring, including due diligence assessments, performance reviews and supplier diversification. These practices help ensure quality standards, reduce operational risks and strengthen supply chain resilience.



2. Basis of Preparation

This SS has been prepared by Haily for FY 2025. The SS has been developed in accordance with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (“ISSB”), comprising:

- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 – Climate-related Disclosures,

as adopted in Malaysia under the NSRF.

FY 2025 represents the Group's first year of reporting under the IFRS Sustainability Disclosure Standards. In line with the transitional provisions under IFRS S1 and IFRS S2, the Group has adopted a climate-first approach, whereby disclosures for the current reporting period focus on climate-related risks and opportunities associated with its construction activities, as required under IFRS S2.

Other ESG information is disclosed on a voluntary basis, taking into consideration Bursa Malaysia ACE Market Listing Requirements and the Common Sustainability Matters under the NSRF. These disclosures are provided to give additional context on the Group's sustainability practices but do not form part of mandatory IFRS S1 and IFRS S2 compliance for FY 2025.

The reporting scope of this SS is aligned with the Group's consolidated Financial Statements, which are prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and the Companies Act 2016 of Malaysia. The scope covers the Group's principal construction operations and supporting entities within Malaysia.

First-time Adoption of IFRS Sustainability Disclosure Standards

The Group's SS for FY 2025 marks its initial adoption of the IFRS Sustainability Disclosure Standards.

In accordance with the transition reliefs available, comparative sustainability information has not been presented where prior period data was not prepared on a basis consistent with IFRS S1 and IFRS S2.

Where relevant, selected historical indicators have been included to provide insight into performance trends, particularly in areas such as construction activity levels and operational practices. These data points, generally covering the preceding two to three financial years, have not been prepared in accordance with IFRS requirements and are therefore presented on a non-comparable basis. Their inclusion is intended to support stakeholder understanding of the Group's sustainability progression.



SUSTAINABILITY STATEMENT CONT'D

2. Basis of Preparation CONT'D

Structure of the Statement

Haily adopts an integrated and project-driven approach in managing sustainability-related risks and opportunities. Governance oversight, risk management processes and operational controls are closely linked to construction project execution and are presented in a coordinated manner within this SS.

The SS is structured into the following key components:

Topic	Description	Refer To
Governance	Oversight structure for sustainability, including the roles of the Board and management in monitoring ESG matters across construction operations.	Section 6
Strategy	Identification of key sustainability-related risks and opportunities arising from construction activities and the Group's response.	Section 7
Risk Management	Processes to identify, assess and manage sustainability risks, including integration with the Group's Enterprise Risk Management ("ERM") framework.	Section 8
Metrics and Targets	Key indicators used to monitor sustainability performance, including climate-related metrics relevant to construction operations.	Section 9

Directors' Statement

The Board of Directors retains overall responsibility for overseeing the Group's sustainability reporting and ensuring that appropriate governance structures, internal controls and reporting processes are in place.

This SS has been reviewed and approved by the Board in accordance with the Group's governance framework and the requirements of Bursa Malaysia ACE Market Listing Requirements.

Inventory Boundary for GHG Emissions (Organisational Boundary and Operational Boundary)

Organisational Boundary

For the purpose of GHG emissions reporting, the Group applies the equity share approach, whereby emissions are recognised in proportion to the Group's ownership interest in its subsidiaries and related entities.

This approach reflects the Group's economic exposure to sustainability-related risks arising from its construction and supporting operations. Accordingly, emissions are reported based on the Group's equity participation in its operating entities.

Operational Boundary and Scope 3 Disclosures

For FY 2025, the Group's emissions inventory includes selected Scope 3 categories, namely, employee commuting and business travel. These categories were prioritised based on their relevance to the Group's workforce-intensive construction operations and the availability of reliable data.

Other Scope 3 emission categories, such as those associated with construction materials, subcontractor activities and upstream supply chain processes, have not been disclosed in the current reporting period due to data limitations and proportionality considerations. The Group acknowledges the significance of these emission sources within the construction sector and intends to progressively expand its Scope 3 reporting as data collection systems and methodologies are further developed.

SUSTAINABILITY STATEMENT CONT'D

2. Basis of Preparation CONT'D

Inventory Boundary for GHG Emissions (Organisational Boundary and Operational Boundary) CONT'D

Operational Boundary and Scope 3 Disclosures CONT'D

As FY 2025 represents the first year of reporting under IFRS S1 and IFRS S2, there have been no changes to the methodologies, assumptions or estimation techniques used in defining the Group's GHG inventory boundaries during the reporting period.

3. Materiality Assessment

Haily recognises that sustainability-related factors are closely linked to construction activities and may impact project delivery, cost management, regulatory compliance and long-term business viability. In preparing this SS, the Group conducted a materiality assessment to identify sustainability-related risks and opportunities that may reasonably affect its financial performance, operational continuity and future growth.

In line with IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, the Group adopts a financial materiality approach in determining the sustainability matters to be disclosed. A sustainability-related matter is considered material if its omission or misstatement could influence the decision-making of users of the Group's financial reports.

The assessment allows the Group to prioritise key sustainability considerations relevant to its construction operations. These include areas such as project execution efficiency, site safety, subcontractor and supplier reliability, regulatory compliance, environmental management and workforce capability.

The outcomes of this assessment support the Group in strengthening its risk management framework and embedding sustainability considerations into project planning, operational controls and strategic decision-making.

Assessment Process

The materiality assessment was conducted internally through collaboration between senior management, project teams and relevant operational personnel across the Group.

The process involved evaluating sustainability-related risks and opportunities across the construction value chain, including upstream procurement of materials and subcontractor engagement, core construction and site operations, and downstream project delivery and client handover.

In assessing each sustainability-related matter, the Group considered the following key factors:

- The potential financial implications on project costs, margins, cash flow and overall business performance;
- The likelihood of occurrence, based on operational experience, industry practices and regulatory developments within the construction sector;
- The timeframe over which the risks or opportunities may materialise (short-, medium- or long-term); and
- The Group's operational dependencies, including construction materials, machinery usage, subcontractor performance, workforce availability and site conditions.

Each identified matter was evaluated to determine its potential impact on the Group's financial position, project delivery capability and operational resilience.

The materiality assessment is integrated into the Group's ERM framework, ensuring that sustainability-related risks are assessed alongside other key business risks.



SUSTAINABILITY STATEMENT CONT'D

3. Materiality Assessment CONT'D

Use of Judgement and Information Sources

The materiality assessment involved the application of management judgement in evaluating the significance of sustainability-related risks and opportunities.

In forming these judgements, the Group considered both internal and external sources of information.

Internal inputs included project performance reports, site safety records, resource consumption data (such as fuel and electricity), subcontractor evaluations, workforce data and internal risk registers. These provided insight into operational risks across active construction sites.

External inputs included developments within the Malaysian construction industry, regulatory requirements, environmental standards, cost trends for construction materials, and evolving stakeholder expectations.

Consideration was also given to the Group's value chain relationships, particularly with subcontractors, suppliers and clients, to identify risks that may affect project timelines, cost efficiency and service quality.

While stakeholder perspectives were considered, the determination of material matters was ultimately based on their potential financial impact to the Group, consistent with the financial materiality principle under IFRS S1.

Governance and Review

The results of the materiality assessment are reviewed by senior management and tabled to the Audit and Risk Management Committee ("**ARMC**") for oversight.

The ARMC assesses whether identified sustainability-related risks and opportunities are adequately addressed within the Group's risk management and internal control systems. Significant matters are escalated to the Board of Directors, which retains overall responsibility for sustainability oversight and disclosures.

The Group will periodically review and update its materiality assessment to reflect changes in construction activities, regulatory requirements, market conditions and stakeholder expectations. This ensures that sustainability disclosures remain relevant, decision-useful and aligned with IFRS Sustainability Disclosure Standards, the NSRF and Bursa Malaysia requirements.

4. Judgement and Measurement Uncertainty

Significant Judgements

The preparation of this SS requires the application of management judgement in defining reporting boundaries, selecting appropriate methodologies and applying assumptions in the measurement of sustainability-related information. These judgements, other than those relating to materiality as disclosed in Section 3, may affect the recognition, measurement and presentation of certain disclosures.

The key areas involving significant judgement are set out below:

Scope 3 GHG Emissions Disclosure

For FY 2025, the Group has limited its Scope 3 GHG emissions disclosure to employee commuting and business travel. This reflects the phased implementation approach permitted under IFRS S2 and the practical constraints associated with data availability within the construction value chain.

SUSTAINABILITY STATEMENT CONT'D

4. Judgement and Measurement Uncertainty CONT'D

Significant Judgements CONT'D

In determining the scope of disclosure, the Group considered:

the degree of control or influence over the emission source;

the availability and reliability of verifiable data;

the significance of the emission source relative to construction operations; and

the readiness of internal systems to support consistent measurement.

Emissions arising from construction materials, subcontractor activities and logistics are recognised as potentially significant. However, such emissions are currently excluded due to limited access to consistent and auditable data from external parties.

The Group will progressively enhance its Scope 3 coverage as engagement with suppliers and subcontractors improves and data collection processes become more established.

Determination of GHG Reporting Boundaries

Judgement has been applied in defining both the organisational and operational boundaries of the Group's emissions inventory.

The Group adopts the equity share approach, whereby emissions are accounted for based on the Group's proportional ownership in its operating entities. This approach reflects the Group's economic exposure to risks associated with its construction and supporting activities.

In establishing the operational boundary, the Group assessed the extent of control over site activities, machinery usage and third-party operations.

Construction activities carried out by subcontractors and external service providers are not included within Scope 1 and Scope 2 emissions, as these are not under the Group's direct operational control. Such emissions may be considered under Scope 3 in future reporting periods, subject to data availability.

Definition of the Value Chain

The determination of the Group's value chain requires judgement in identifying the relevant stages of construction activities where sustainability-related risks and opportunities may arise.

The Group has defined its value chain based on the construction project lifecycle, covering procurement, site execution and project delivery.

Focus has been placed on activities where ESG factors may have a direct impact on project performance, including cost efficiency, safety outcomes, regulatory compliance and stakeholder expectations.

Measurement Uncertainty

Measurement uncertainty arises where sustainability-related data cannot be directly measured and must instead be estimated using assumptions, proxies or standard emission factors.

Scope 3 Greenhouse Gas Emissions

The estimation of Scope 3 emissions involves inherent uncertainty due to reliance on assumptions and indirect data inputs.



SUSTAINABILITY STATEMENT CONT'D

4. Judgement and Measurement Uncertainty CONT'D

Measurement Uncertainty CONT'D

For employee commuting and business travel, uncertainties arise from:

variations in travel behaviour and transport modes;

estimated distances travelled; and

the use of generalised emission factors.

As a result, reported figures represent indicative estimates rather than precise measurements. These estimates are expected to improve as more granular data becomes available.

Climate-Related Financial Impact Assessment

The assessment of potential financial impacts arising from climate-related risks and opportunities involves forward-looking assumptions.

Key uncertainties relate to:

future regulatory requirements affecting construction practices;

changes in cost structures, including materials, energy and compliance costs;

market demand for sustainable or energy-efficient developments; and

potential disruptions to project timelines due to environmental factors.

Given the evolving nature of these variables, actual financial outcomes may differ from current expectations.

Data Constraints within the Construction Value Chain

The construction sector is characterised by a high degree of reliance on external parties, including suppliers, subcontractors and logistics providers. This presents challenges in obtaining consistent and reliable sustainability data.

At present, the Group does not have full visibility over emissions associated with upstream material production, subcontractor operations and third-party transportation.

Accordingly, these emissions have not been incorporated into the Group's reported GHG inventory for FY 2025. The Group is taking steps to improve data transparency through enhanced supplier engagement, contract requirements and internal tracking mechanisms.

Ongoing Improvement

As this is the Group's first year of reporting under IFRS Sustainability Disclosure Standards, certain disclosures are based on preliminary methodologies and available data.

The Group remains committed to refining its measurement approaches, strengthening internal controls and enhancing data quality over time. Continuous improvements in data systems and stakeholder engagement are expected to reduce measurement uncertainty and improve the reliability of future disclosures.

SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities

Haily has identified sustainability-related risks and opportunities arising from its construction activities, operating environment and regulatory landscape. These factors may affect project execution, cost structures, operational resilience and long-term business sustainability.

In accordance with IFRS S2 – Climate-related Disclosures, climate-related risks and opportunities are presented as part of the Group's mandatory disclosures for FY 2025. Other ESG matters are disclosed to provide a broader view of sustainability considerations relevant to the Group's operations.

The identified risks and opportunities are aligned with the Group's ERM framework and form the basis of the sustainability strategy outlined in Section 7.

Section 6: Governance	Describes the governance structure responsible for overseeing sustainability-related risks and opportunities, including the roles of the Board of Directors, the ARMC and management.
Section 7: Strategy	Explains how the Group responds strategically to identified sustainability-related risks and opportunities across environmental, social and governance areas, including project-level and operational considerations.
Section 8: Risk Management	Describes the processes used to identify, assess and manage sustainability-related risks, and how these processes are integrated into the Group's ERM framework.
Section 9: Metrics and Targets	Provides key performance indicators and metrics used by the Group to monitor sustainability-related risks and opportunities, including climate-related metrics where applicable.

The sustainability-related risks and opportunities identified by the Group are summarised below :

Sustainability-Related Risks

Haily has identified sustainability-related risks across environmental, social and governance dimensions that may reasonably be expected to affect the Group's financial performance, project execution, cost efficiency and long-term business sustainability. These risks arise from the nature of construction activities, reliance on external resources and subcontractors, evolving regulatory requirements and increasing stakeholder expectations on responsible business practices.

The Group assesses these risks based on their potential financial impact, likelihood of occurrence and time horizon, and integrates them into its ERM framework to ensure that appropriate mitigation measures and controls are implemented across its operations.

ENVIRONMENTAL RISKS			
Energy Cost Volatility	Carbon Pricing Exposure	Climate Physical Risk (Flooding)	Water Dependency



SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Sustainability-Related Risks CONT'D

Energy Cost Volatility

The Group's construction operations are energy-intensive, requiring the use of electricity for site offices and equipment, as well as fuel for heavy machinery and transportation. Fluctuations in energy prices, including increases in electricity tariffs and diesel costs, may significantly impact project cost structures and reduce overall profit margins, particularly for long-term projects where cost estimates are fixed at the outset.

In addition, the increasing emphasis on energy efficiency and emissions management from regulators and stakeholders may result in additional compliance requirements, such as monitoring and reporting obligations. Inefficient energy usage across project sites may lead to cost overruns and expose the Group to reputational risks, particularly as expectations around environmental responsibility continue to rise within the construction industry.

Carbon Pricing Exposure

The introduction of carbon pricing mechanisms, emissions taxes or stricter environmental regulations may increase the cost of construction activities, particularly those involving fuel-intensive machinery, transportation and material usage.

Such developments may require the Group to incur additional costs in the form of carbon-related charges, investments in lower-emission technologies or enhanced reporting and compliance processes. Failure to anticipate or respond effectively to these regulatory changes may affect the Group's cost competitiveness, especially in tendering for projects where pricing is a critical factor.

Climate Physical Risk (Flooding)

Construction sites are inherently exposed to environmental conditions and may be affected by climate-related physical risks such as heavy rainfall, flooding and extreme weather events. These events may disrupt construction schedules, delay project milestones, damage materials and equipment, and increase site management and rectification costs.

Prolonged disruptions may also lead to contractual implications, including penalties for delays or disputes with clients and subcontractors. Inadequate planning or mitigation measures may further increase the Group's exposure to such risks, particularly in areas prone to flooding.

Water Dependency

Water is a critical resource for construction activities, including site preparation, curing processes and general site operations. Disruptions in water supply, whether due to shortages, infrastructure limitations or environmental conditions, may affect construction timelines and operational efficiency.

In addition, increasing regulatory focus on water usage and conservation may require the Group to adopt stricter water management practices. Failure to manage water resources efficiently may result in higher operational costs, regulatory non-compliance and potential delays in project execution.

SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

SOCIAL RISKS				
Talent Retention	Skills Gap	Workplace Safety	Employee Wellbeing	Human Rights in Operations

Talent Retention

The construction sector is highly dependent on skilled labour, including engineers, supervisors and site workers. High employee turnover may result in increased recruitment and training costs, loss of experienced personnel and reduced continuity in project execution.

A lack of workforce stability may also impact productivity, quality of work and the Group's ability to meet project deadlines. In a competitive labour market, challenges in retaining skilled employees may further increase operational risks and affect long-term business performance.

Skills Gap

The availability of skilled and competent workers is critical to ensuring construction quality, safety and efficiency. A shortage of technical expertise or inadequate training may result in errors, rework, safety incidents and delays in project completion.

Such issues may increase project costs and negatively affect client satisfaction and the Group's reputation. The evolving complexity of construction techniques and regulatory requirements further increases the need for a skilled and well-trained workforce.

Workplace Safety

Construction activities involve inherent safety risks due to hazardous working environments, use of heavy machinery and manual handling of materials. Workplace incidents, including injuries or accidents, may lead to operational disruptions, regulatory penalties, increased insurance costs and reputational damage.

Failure to maintain effective safety management systems and compliance with occupational safety regulations may also affect employee morale and productivity, as well as the Group's ability to secure future projects.

Employee Wellbeing

Construction work often involves physically demanding tasks, long working hours and exposure to challenging site conditions. These factors may affect employee well-being, leading to fatigue, absenteeism and reduced productivity.

Poor employee well-being may also contribute to higher turnover rates and lower workforce engagement, which may in turn affect project efficiency and operational performance.

Human Rights in Operations

The Group's reliance on subcontractors and external labour increases exposure to risks related to labour practices, including compliance with employment laws, fair wages and working conditions.

Failure to ensure responsible labour practices across the value chain may result in reputational damage, regulatory action and potential disruptions to project operations. Increasing scrutiny from stakeholders and regulators further elevates the importance of maintaining ethical labour standards.



SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

GOVERNANCE RISKS

Cybersecurity	Data Privacy Compliance	Anti-Bribery Exposure	Board Oversight of Sustainability	Supply Chain Integrity
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Cybersecurity

The Group increasingly relies on digital systems for project management, financial operations and administrative processes. Cybersecurity incidents, such as data breaches or system disruptions, may affect operational continuity, compromise sensitive information and result in financial losses.

Inadequate IT security measures may also expose the Group to risks associated with unauthorised access, data loss and system downtime, potentially impacting both internal operations and stakeholder confidence.

Data Privacy Compliance

The Group handles various forms of sensitive data, including employee records, client information and business data. Non-compliance with data protection regulations may result in legal liabilities, financial penalties and reputational damage.

As regulatory requirements continue to evolve, failure to implement robust data protection practices may increase exposure to compliance risks and undermine stakeholder trust.

Anti-Bribery Exposure

The construction industry is exposed to corruption risks, particularly in areas such as procurement, tendering and contract management. Inadequate controls or lack of awareness regarding anti-bribery policies may result in unethical practices, regulatory sanctions and reputational damage.

Such incidents may also affect the Group's ability to secure contracts and maintain business relationships.

Board Oversight of Sustainability

Insufficient oversight of sustainability-related matters at the Board level may limit the Group's ability to effectively identify, assess and manage ESG risks and opportunities.

This may result in gaps in governance, inconsistent implementation of sustainability initiatives and misalignment between sustainability objectives and overall business strategy.

Supply Chain Integrity

The Group relies on suppliers and subcontractors for materials and services required in construction projects. Weak oversight or inadequate due diligence may result in quality issues, delays, regulatory non-compliance or disruptions in project execution.

Supply chain disruptions may also lead to increased costs and affect the Group's ability to meet project timelines and client expectations.

Sustainability-Related Opportunities

In addition to risks, effective management of sustainability-related matters presents opportunities for Haily to enhance operational efficiency, strengthen project resilience and create long-term value. By proactively addressing ESG considerations, the Group can improve cost management, strengthen stakeholder relationships and position itself competitively within the construction industry.

SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Sustainability-Related Opportunities CONT'D

In addition to risks, effective management of sustainability-related matters presents opportunities for Haily to enhance operational efficiency, strengthen project resilience and create long-term value. By proactively addressing ESG considerations, the Group can improve cost management, strengthen stakeholder relationships and position itself competitively within the construction industry.

ENVIRONMENTAL OPPORTUNITIES			
Energy Cost Volatility	Carbon Pricing Exposure	Climate Physical Risk (Flooding)	Water Dependency

Energy Cost Volatility

Improving energy efficiency across construction sites presents opportunities to reduce fuel and electricity consumption, thereby lowering operating costs and improving project profitability.

The adoption of energy monitoring practices, efficient machinery usage and optimisation of site operations can enhance cost control and reduce exposure to energy price fluctuations. These measures also support alignment with regulatory expectations on energy management.

Carbon Pricing Exposure

Proactive monitoring of carbon-related regulations and gradual adoption of lower-emission practices present opportunities to mitigate future compliance costs and enhance long-term competitiveness.

Positioning the Group towards more sustainable construction practices may also improve its attractiveness to clients and stakeholders who prioritise environmentally responsible contractors.

Climate Physical Risk (Flooding)

Implementing climate-resilient site planning, including flood risk assessments and mitigation measures, presents opportunities to minimise disruptions and improve project delivery reliability.

Such measures may also reduce potential financial losses and enhance the Group's ability to manage projects in areas exposed to climate-related risks.

Water Dependency

Adopting efficient water management practices presents opportunities to optimise resource usage, reduce operational risks and support compliance with environmental requirements.

Efficient water usage may also contribute to cost savings and improved sustainability performance across construction projects.

SOCIAL OPPORTUNITIES				
Talent Retention	Skills Gap	Workplace Safety	Employee Wellbeing	Human Rights in Operations



SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Sustainability-Related Opportunities CONT'D

Talent Retention

Investing in employee development, training and engagement initiatives presents opportunities to build a stable and capable workforce. Improved retention supports continuity in project execution and reduces recruitment and training costs.

A strong workforce also enhances productivity and contributes to consistent delivery of high-quality construction projects.

Skills Gap

Providing structured training and upskilling programmes presents opportunities to enhance workforce competency and ensure alignment with evolving industry standards.

A skilled workforce supports improved construction quality, operational efficiency and compliance with regulatory requirements.

Workplace Safety

Strengthening safety management systems and fostering a safety-first culture presents opportunities to reduce workplace incidents, improve employee confidence and enhance productivity.

A strong safety record may also enhance the Group's reputation and competitiveness in securing projects.

Employee Wellbeing

Implementing wellness programmes and support initiatives presents opportunities to improve employee morale, reduce absenteeism and enhance overall workforce performance.

A healthy and engaged workforce contributes to better operational outcomes and project delivery.

Human Rights in Operations

Enhancing labour standards and strengthening oversight of subcontractors present opportunities to promote ethical practices and reinforce stakeholder trust.

Strong human rights practices also support compliance with regulatory requirements and enhance the Group's reputation.

GOVERNANCE RISKS

Cybersecurity	Data Privacy Compliance	Anti-Bribery Exposure	Board Oversight of Sustainability	Supply Chain Integrity
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Cybersecurity

Enhancing IT infrastructure and cybersecurity controls presents opportunities to improve system resilience, protect sensitive data and support uninterrupted operations.

Strong cybersecurity practices also strengthen stakeholder confidence in the Group's governance framework.

SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Sustainability-Related Opportunities CONT'D

Data Privacy Compliance

Establishing robust data protection policies and practices presents opportunities to enhance regulatory compliance and build trust with stakeholders.

Effective data governance also supports efficient and secure business operations.

Anti-Bribery Exposure

Implementing comprehensive anti-bribery policies, training programmes and internal controls presents opportunities to strengthen ethical conduct and governance standards.

This enhances transparency and supports long-term business sustainability.

Board Oversight of Sustainability

Strengthening Board-level oversight and integrating sustainability into strategic decision-making presents opportunities to improve governance effectiveness and alignment with long-term objectives.

This supports better management of sustainability-related risks and opportunities.

Supply Chain Integrity

Enhancing supplier engagement, monitoring and due diligence processes presents opportunities to improve supply chain reliability, ensure quality standards and reduce operational risks.

A resilient supply chain supports efficient project execution and long-term business stability.

Time Horizon of Sustainability-Related Risks and Opportunities

Haily evaluates sustainability-related risks and opportunities by considering the period over which such matters may influence its construction activities, financial performance and long-term business direction. Understanding when these risks and opportunities may materialise allows the Group to align its responses with project timelines, operational priorities and strategic planning.

The time horizons adopted in this SS are consistent with those applied within the Group's internal planning and risk management processes. This ensures that sustainability considerations are embedded within the Group's broader decision-making framework, particularly in relation to project execution, capital allocation and business strategy.

For the purpose of assessment and disclosure, the Group classifies sustainability-related risks and opportunities into three categories:

Short Term

- Referring to matters that may impact ongoing construction projects or operations within the current financial year or project cycle (0-12 months);

Medium Term

- Referring to matters that may emerge across multiple project cycles, generally within a two- to five-year timeframe; and

Long Term

- Referring to matters that may influence the Group's strategic positioning, regulatory exposure and sustainability performance over a period exceeding five years.



SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Time Horizon of Sustainability-Related Risks and Opportunities CONT'D

These timeframes reflect the nature of the Group's construction activities, where project durations, investment decisions and regulatory developments may vary across different planning horizons. Accordingly, references to short-, medium- or long-term risks and opportunities throughout this SS should be interpreted within this context.

Approach to Assessing Likelihood of Sustainability-Related Events

In assessing sustainability-related risks and opportunities, Haily considers both the potential impact on its financial and operational performance and the likelihood of occurrence of such events. This dual assessment enables the Group to prioritise areas of significance and allocate resources to address the most relevant sustainability matters.

The evaluation process covers environmental, social and governance considerations and takes into account both internal operational factors and external developments affecting the construction industry. By adopting a structured approach, the Group ensures consistency in how different risks and opportunities are assessed and compared.

The likelihood of occurrence is determined based on management judgement, supported by a range of considerations, including:

the Group's past project experience and operational performance;

current and anticipated trends within the construction sector;

applicable laws, regulations and potential policy developments;

environmental and site-specific conditions that may affect project execution;

the reliability and performance of suppliers, subcontractors and other external parties; and

broader economic and market conditions that may influence demand and cost structures.

This assessment is integrated into the Group's ERM framework, which is guided by ISO 31000 Risk Management principles. The likelihood of each identified risk or opportunity is evaluated alongside its potential financial impact to determine its overall significance and priority.

To support a consistent and structured evaluation, the Group applies a qualitative scale when assessing likelihood:

Likelihood Level	Description	Definition
Very High	Expected to occur	Occurs frequently or is anticipated under most operating conditions.
High	Likely to occur	Expected to occur under normal operating or project conditions.
Moderate	Possible	May occur under certain conditions but not on a regular basis.
Low	Unlikely	Not expected under normal conditions but remains plausible.
Very Low	Rare	Only expected to occur under exceptional circumstances.

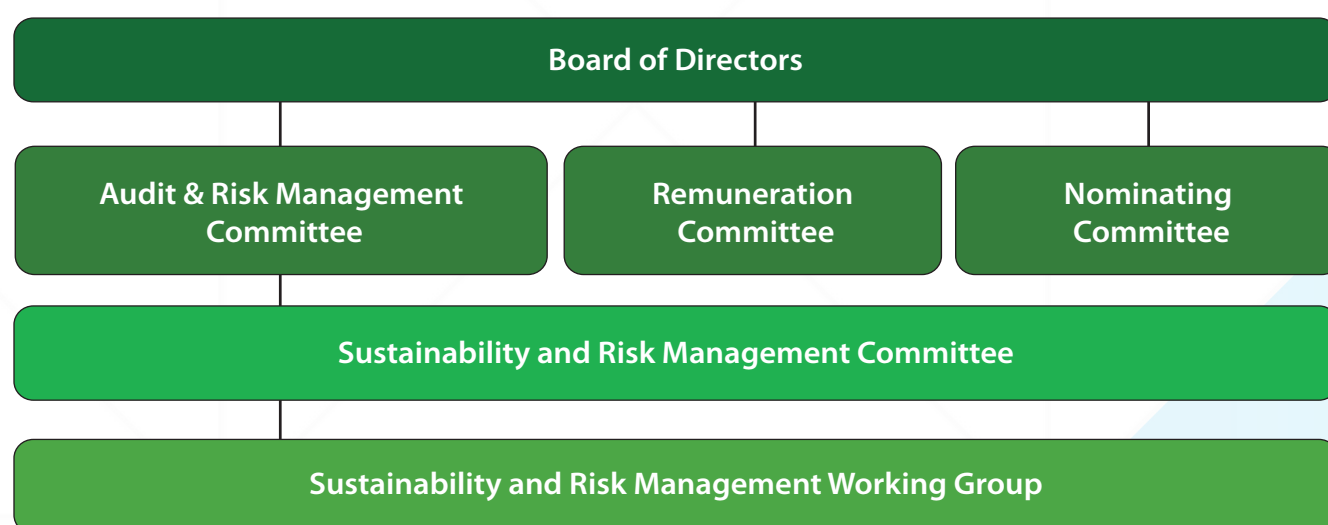
SUSTAINABILITY STATEMENT CONT'D

5. Sustainability-Related Risks and Opportunities CONT'D

Approach to Assessing Likelihood of Sustainability-Related Events CONT'D

Through this approach, Haily is able to systematically evaluate sustainability-related risks and opportunities, prioritise areas of focus and ensure that sustainability considerations are effectively integrated into its operational management, project planning and long-term strategic direction, in line with the IFRS Sustainability Disclosure Standards.

6. Governance



Haily adopts a structured governance framework to oversee sustainability-related risks and opportunities arising from its construction activities. Sustainability considerations are embedded within the Group's overall corporate governance structure to ensure that ESG matters are integrated into strategic planning, risk management and operational decision-making.

The governance structure is led by the Board of Directors and supported by Board Committees and management. Clear roles and responsibilities are established to ensure effective oversight, accountability and implementation of sustainability initiatives across the Group.

Board of Directors

The Board of Directors has overall responsibility for overseeing sustainability-related matters and ensuring that ESG considerations are incorporated into the Group's strategic direction and business decisions.

In carrying out its responsibilities, the Board:

- Provides strategic guidance on sustainability priorities, taking into account risks and opportunities that may affect financial performance and operational resilience;
- Oversees the management of ESG matters across the Group's construction operations and project lifecycle;
- Ensures compliance with applicable laws, regulations and Bursa Malaysia listing requirements;
- Reviews and approves sustainability disclosures, policies and key initiatives; and
- Monitors the Group's overall performance, including sustainability-related developments.

Sustainability considerations are integrated into key decisions relating to project planning, investments and operational strategies to support long-term value creation.



SUSTAINABILITY STATEMENT CONT'D

6. Governance CONT'D

Audit and Risk Management Committee

The ARMC supports the Board in overseeing the effectiveness of the Group's risk management framework, internal control systems and sustainability governance processes.

The ARMC :

- Reviews the adequacy and effectiveness of the Group's ERM framework, including sustainability-related risks;
- Monitors internal controls supporting sustainability processes and disclosures;
- Reviews sustainability performance, risk exposure and compliance matters; and
- Escalates significant sustainability-related risks and governance issues to the Board.

This ensures that sustainability-related risks are systematically identified, assessed and managed within the Group's overall risk framework.

Nominating Committee

The Nominating Committee ("NC") supports the Board in ensuring that the composition of the Board and leadership team remains appropriate to meet the Group's strategic and sustainability objectives.

The Committee:

- Oversees Board appointments, succession planning and performance evaluations; and
- Ensures that the Board possesses the necessary mix of skills, experience and independence, including competencies relevant to governance, risk management and sustainability.

Remuneration Committee

The Remuneration Committee ("RC") is responsible for establishing and reviewing remuneration policies for the Board and senior management.

The Committee ensures that remuneration structures are:

- Fair, competitive and aligned with the Group's long-term performance; and
- Designed, where appropriate, to support accountability and responsible business practices, including consideration of sustainability-related factors.

Sustainability and Risk Management Committee

The Sustainability and Risk Management Committee supports the Board in overseeing the Group's sustainability agenda and risk management processes.

The Committee is responsible for:

- Developing and reviewing sustainability strategies in line with the Group's objectives;
- Assessing sustainability-related risks and opportunities across the Group's operations;
- Monitoring performance against established targets and key initiatives; and
- Overseeing the implementation of sustainability policies and practices.

Through this role, the Committee ensures that sustainability considerations are effectively integrated into the Group's strategic planning and operational decision-making.

SUSTAINABILITY STATEMENT CONT'D

6. Governance CONT'D

Sustainability and Risk Management Working Group

The Sustainability and Risk Management Working Group supports the Sustainability and Risk Management Committee in the execution and day-to-day management of sustainability initiatives.

The Working Group:

- Assists in implementing sustainability programmes and monitoring performance against targets; and
- Ensures that operational practices across construction sites are aligned with the Group's sustainability strategy and policies.

This structure facilitates effective coordination between management and operational teams, supporting consistent implementation of sustainability practices across the Group.

Integration with Risk Management and Strategy

Sustainability-related risks and opportunities are integrated into the Group's ERM framework and strategic planning processes to ensure a consistent and structured approach to risk assessment and decision-making.

The Group evaluates sustainability-related risks, including environmental, social and governance factors, alongside other principal business risks. These risks are assessed based on their potential impact, likelihood of occurrence and relevance to the Group's operations, project execution and financial performance.

Identified risks and opportunities are incorporated into operational planning, project management processes and internal controls. This includes the implementation of appropriate mitigation measures, monitoring mechanisms and performance tracking to support effective risk management.

Regular reporting is provided to the Sustainability and Risk Management Committee and the ARMC, with significant matters escalated to the Board of Directors for oversight and strategic consideration.

Through this integrated approach, the Group ensures that sustainability considerations are embedded within its overall risk management framework and business strategy, supporting operational resilience, regulatory compliance and long-term value creation.

7. Strategy

Haily incorporates sustainability considerations into its strategic and operational planning processes to address ESG risks and opportunities arising from its construction activities. This approach enables the Group to manage potential impacts on project delivery, cost efficiency and long-term business sustainability.

As a construction-focused organisation, the Group's sustainability strategy is centred on strengthening site-level operational practices, improving resource efficiency, maintaining reliable supply chain relationships, enhancing workforce capability and reinforcing governance standards. These priorities reflect the key sustainability-related risks and opportunities identified across the Group's operations and value chain.

The Group adopts a risk-based and forward-looking approach in developing its sustainability strategy, ensuring that responses are aligned with identified risks and opportunities, including those related to energy use, climate exposure, workforce management and supply chain reliability. This enables the Group to enhance operational resilience while supporting consistent project execution.

The Group's strategic responses are structured to correspond directly with the sustainability-related risks and opportunities identified in Section 5, ensuring clear linkage between risk identification and management actions. These strategies are presented across environmental, social and governance dimensions to reflect the Group's integrated approach to sustainability.



SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Environmental Strategy

Haily adopts a disciplined and preventive approach in managing environmental impacts arising from its construction activities. The Group's environmental strategy focuses on ensuring regulatory compliance, promoting responsible resource management and strengthening site-level controls to minimise environmental risks and support operational efficiency.

The Group's approach is guided by its Project Environmental Management Plan ("**PEMP**"), which sets out procedures and mitigation measures to manage environmental aspects across construction sites. This includes compliance with applicable environmental laws and regulations, including the Environmental Quality (Scheduled Wastes) Regulations 2005, Environmental Quality (Compounding of Offences) (Open Burning) Rules 2000, Factories and Machinery (Safety, Health and Welfare) Regulations 1970 and relevant local authority requirements.

To support effective implementation, environmental monitoring is conducted to ensure that site activities remain within acceptable limits, and Safety Officers ("**SO**") are engaged, where required, to oversee mitigation measures. Regular site meetings are also held to review environmental matters and ensure timely resolution of issues identified.

The Group's environmental strategies, aligned with identified sustainability-related risks and opportunities, are outlined below.

Energy Cost Volatility

The Group manages exposure to rising energy costs by promoting efficient energy usage across its construction sites and operational activities.

Haily monitors electricity and fuel consumption to identify inefficiencies and encourages responsible use of machinery and equipment. Through improved operational practices and periodic energy reviews, the Group aims to minimise unnecessary energy consumption while maintaining efficient project execution. These measures support both cost management and environmental performance.

Installation of Solar Panels at Haily Headquarters (July 2025)

In line with its commitment to sustainable operations, Haily completed the installation of rooftop solar photovoltaic ("**PV**") panels at its headquarters in July 2025, at a cost of RM216,480. The system comprises a 98.4 kWp solar array with 160 panels installed across the rooftop.

The solar installation enables the Group to generate clean energy without on-site combustion, thereby reducing greenhouse gas emissions. In addition, the system supports cost management by reducing reliance on grid electricity and mitigating exposure to rising energy tariffs.

This initiative reflects the Group's commitment to adopting sustainable technologies and supports its long-term objective of improving energy efficiency and reducing its environmental footprint.

SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Carbon Pricing Exposure

The Group adopts a proactive approach in responding to evolving climate-related regulations, including potential carbon pricing mechanisms.

Haily monitors national regulatory developments relating to carbon policies and environmental compliance requirements. The Group also evaluates the feasibility of adopting lower-carbon practices and technologies, where appropriate, to support long-term operational efficiency.

Through continuous monitoring and strengthened environmental management practices, the Group aims to manage potential cost implications arising from future regulatory changes.

Climate Physical Risk (Flooding)

The Group integrates climate-related considerations into its construction planning and site management processes to mitigate the impact of flooding and adverse weather conditions.

Site-level risk assessments are conducted to identify potential exposure to flooding, and appropriate mitigation measures, including drainage improvements and site protection controls, are implemented. Contingency planning is also incorporated to minimise disruptions to project timelines.

These measures enhance the resilience and continuity of construction operations and support optimal achievement of project delivery targets.

Water Dependency

The Group adopts a proactive approach in managing water usage across construction activities to reduce operational risks associated with water supply disruptions.

Haily promotes efficient use of water resources at project sites and implements measures to minimise wastage. Where necessary, the Group engages water supply contractors to ensure continuity of operations.

The Group is also exploring initiatives such as rainwater harvesting systems to enhance water efficiency over the longer term. In addition, insurance coverage is considered to mitigate potential financial impacts arising from weather-related disruptions.

Environmental Compliance and Awareness

The Group places strong emphasis on maintaining environmental compliance and promoting awareness across its workforce.

Toolbox briefings are conducted prior to the commencement of daily site activities, led by trained supervisory personnel. These briefings cover environmental regulations, safety practices and pollution prevention measures to ensure that workers understand and adhere to required standards.

This approach supports consistent implementation of environmental controls and fosters a culture of environmental responsibility across all construction sites.



SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

► Current and Anticipated Financial Effects and Effects on Strategy

Climate-related and environmental developments may influence the Group's financial performance through changes in operating costs, project timelines and regulatory requirements.

In the short to medium term, fluctuations in energy prices may increase operating costs, particularly due to the Group's reliance on fuel and electricity for construction activities. In addition, physical climate risks such as heavy rainfall and flooding may disrupt site operations, potentially leading to project delays, increased rectification costs and impacts on project margins.

From a regulatory perspective, evolving environmental requirements, including potential carbon-related policies and stricter compliance standards, may result in additional monitoring, reporting and operational costs over time.

In response, the Group has implemented strategies focused on improving operational efficiency, strengthening site-level environmental controls and enhancing project planning processes. These measures are expected to mitigate potential cost increases, reduce operational disruptions and support more stable project delivery.

As at the reporting period, no material financial impact from climate-related risks and opportunities has been recognised. However, the Group continues to monitor developments relating to energy costs, environmental regulations and climate-related risks, and will adjust its strategies accordingly.

► Strategic Outlook

Looking ahead, Haily will continue to strengthen its environmental management practices and integrate sustainability considerations into its construction operations.

The Group will focus on enhancing monitoring of resource consumption, improving site-level risk management practices and strengthening internal data collection processes to support sustainability reporting and decision-making.

In addition, the Group will continue to monitor regulatory developments, including potential carbon-related requirements, and assess the feasibility of adopting more efficient and sustainable construction practices where appropriate.

These initiatives are expected to enhance the Group's operational resilience, support regulatory compliance and position the Group to respond effectively to evolving stakeholder expectations and environmental challenges.

SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Risk/ Opportunity	Type	Likelihood & Time Horizon	Potential Impact on Business Model and Value Chain	Current Financial Effect	Our Response	Anticipated Financial Effects After Considering Our Response
Increased energy costs due to climate transition policies	Transition risk (regulatory & market)	Likely – Short to medium term	Higher fuel and electricity costs for construction activities may increase operating expenses and reduce project margins	No material impact recognised	Monitoring electricity and fuel consumption and promoting energy-efficient practices across construction sites	Gradual cost management benefits expected as energy efficiency improves
Introduction of carbon pricing or stricter environmental regulations	Transition risk (regulatory)	Possible – Medium to long term	Increased compliance costs, including monitoring, reporting and potential adoption of lower-carbon practices	No material impact recognised	Monitoring national carbon policies and strengthening environmental compliance and reporting practices	Potential increase in compliance costs, mitigated through improved operational efficiency and regulatory readiness
Extreme weather events (e.g. flooding) affecting construction sites	Physical risk (acute)	Possible – Medium term	Disruption to construction activities, project delays and increased rectification or site management costs	No material impact recognised	Conducting site-level flood risk assessments and implementing drainage controls and contingency planning	Improved operational resilience expected, reducing disruption-related costs over time
Water supply disruptions affecting construction operations	Physical risk (acute)	Possible – Medium term	Delays in construction activities and increased operational costs due to reliance on water for site operations	No material impact recognised	Promoting efficient water usage, engaging alternative water supply arrangements and exploring water-saving initiatives	Reduced operational disruption risk and improved cost stability over time
Improving operational efficiency through responsible resource management	Opportunity (operational efficiency)	Likely – Short to medium term	Improved resource management may reduce operational costs and enhance project efficiency	No material capital investment incurred	Promoting responsible resource use, strengthening environmental monitoring and improving site practices	Gradual improvement in cost efficiency and operational performance
Strengthening environmental practices and compliance standards	Opportunity (strategic / compliance)	Likely – Medium to long term	Enhanced environmental practices may improve regulatory compliance, project delivery and stakeholder confidence	No material impact recognised	Implementation of PEMP, environmental monitoring and engagement of SO	Supports long-term competitiveness, improved stakeholder confidence and reduced regulatory risk

► Climate-Related Risks and Opportunities Summary



SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

► Overall Financial Implications

Climate-related developments may affect the Group's financial performance through changes in operating costs, potential project delays and evolving regulatory requirements.

While no material financial impact has been recognised during the reporting period, the Group acknowledges that energy cost fluctuations, environmental compliance requirements and climate-related disruptions may have financial implications over time.

The Group's strategies, including improving operational efficiency, strengthening environmental management practices and enhancing risk monitoring processes, are expected to mitigate these risks and support long-term financial resilience.

► Resilience of Climate Strategy – Scenario Analysis

The Group has considered the potential impact of climate-related risks and opportunities on its construction operations through quantitative scenario analysis.

Given the nature of the Group's operations and the current maturity of sustainability data collection processes, quantitative climate modelling has not been undertaken at this stage. Instead, the Group evaluates potential impacts by considering different climate-related scenarios and assessing how these may affect operational performance, project delivery and cost structures.

Under a climate transition scenario, increasing regulatory requirements and stakeholder expectations may require the Group to strengthen environmental compliance practices and enhance resource management.

Under a physical risk scenario, extreme weather events such as heavy rainfall and flooding may disrupt construction activities, affect project timelines and increase operational costs.

The Group addresses these risks through site-level risk assessments, environmental monitoring, supplier engagement and operational risk management practices.

The Group will continue to refine its climate-related risk assessment approach as data availability improves and regulatory expectations evolve.

► Scenario Analysis Approach

The Group applies a qualitative scenario analysis approach to assess the resilience of its strategy under different climate-related conditions.

Scenario Type	Application Status	Explanation
1.5°C Paris-aligned scenario	Not applied	Quantitative modelling has not been conducted due to the nature of the Group's operations and current data availability.
2°C scenario	Not applied	Quantitative modelling has not been conducted.
>2°C high warming scenario	Not applied	Quantitative modelling has not been conducted.
Qualitative climate scenario analysis	Applied	Management assesses potential operational, financial and supply chain impacts under different climate risk scenarios.

This approach enables the Group to evaluate potential risks and opportunities across short-, medium- and long-term time horizons, while maintaining flexibility as sustainability data and analytical capabilities continue to develop.

SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Social Strategy

Haily recognises that its workforce plays a critical role in supporting project delivery, operational efficiency and long-term business sustainability. The Group's social strategy focuses on maintaining a safe, stable and capable workforce, while fostering a supportive and ethical working environment.

The Group's social strategies, aligned with identified sustainability-related risks and opportunities, are outlined below.

Talent Retention

The Group is committed to attracting and retaining a competent and stable workforce to support its construction operations.

Performance appraisals are conducted for employees upon confirmation to assess suitability and identify development needs. In addition, structured training and career development programmes are implemented to support employee growth and long-term retention.

These initiatives help reduce employee turnover, enhance workforce stability and support consistent project execution.

Skills Gap

Haily places strong emphasis on ensuring that employees possess the necessary skills and competencies required for their roles.

Regular engagement between employees and supervisors is conducted to identify training needs, while supervisors assess team capabilities and highlight areas for improvement. Based on these assessments, relevant training programmes and certification opportunities are arranged.

An annual training needs analysis is also conducted to ensure that workforce development initiatives remain aligned with operational requirements and evolving industry standards. These efforts support improved productivity, construction quality and regulatory compliance.

Workplace Safety

Maintaining a safe working environment is a key priority given the inherent risks associated with construction activities.

The Group has established a Safety & Health Committee to oversee safety practices, monitor compliance and promote a strong safety culture across its operations. Safety performance is regularly reviewed, and appropriate control measures are implemented to mitigate workplace risks.

In FY 2025, the Group conducted a three-day Emergency Response Team training programme, incorporating both theoretical and practical components such as evacuation drills, fire response and basic rescue techniques. These initiatives enhance employee preparedness, reduce workplace incidents and support operational continuity.



SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Employee Wellbeing

Haily is committed to supporting employee well-being by providing a conducive and inclusive working environment.

Employees are provided with a comprehensive range of benefits, including annual leave, medical and hospitalisation leave, maternity and paternity leave, medical claims and various allowances. Health screening and access to counselling support are also provided where applicable.

The Group has implemented payroll automation to improve administrative efficiency and reduce manual workload. In addition, employee engagement initiatives, including festive celebrations and social activities, are organised to promote a positive workplace culture.

These measures contribute to improved employee morale, reduced absenteeism and enhanced productivity.

Human Rights in Operations

The Group is committed to upholding ethical labour practices and respecting human rights across its operations and value chain.

Policies on anti-discrimination and anti-sexual harassment have been implemented, supported by a Code of Conduct and a formal grievance mechanism to allow employees to raise concerns in a safe and confidential manner.

These practices promote a fair, respectful and inclusive workplace environment, while reducing legal and reputational risks and strengthening stakeholder confidence.

The Group also promotes diversity and inclusion within its workforce by fostering an environment that respects different backgrounds and perspectives. As at FY 2025, the Group's workforce comprises employees from diverse ethnic groups, including Bumiputera, Chinese, Indian and others. This diversity supports a balanced workforce and contributes to a broader range of perspectives in the workplace.

Community Engagement

The Group is committed to contributing positively to the communities in which it operates. In FY 2025, Haily organised a movie outing for children from the Amitabha Foundation Children Home as part of its community outreach efforts. This initiative provided the children with an opportunity to enjoy a recreational experience and reflects the Group's commitment to supporting community well-being.

Through such initiatives, the Group aims to foster goodwill and create a positive social impact beyond its core business activities.

► Current and Anticipated Financial Effects and Effects on Strategy

Social-related factors may influence the Group's financial performance through workforce productivity, operational continuity and potential compliance requirements.

In the short to medium term, workplace incidents or inadequate safety practices may result in operational disruptions, project delays and additional costs, including medical expenses, compensation and potential regulatory penalties. Similarly, challenges in workforce stability or high employee turnover may increase recruitment, training and onboarding costs, while affecting project efficiency and timelines.

SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

► Current and Anticipated Financial Effects and Effects on Strategy CONT'D

In addition, insufficient workforce capabilities or skills gaps may impact productivity levels and quality of work, potentially leading to rework, delays or increased operational costs. Employee well-being and engagement also play a role in influencing workforce performance and retention.

From a governance and compliance perspective, failure to uphold ethical labour practices or human rights standards may expose the Group to legal, regulatory and reputational risks, which could have financial implications.

In response, the Group has implemented strategies focused on strengthening workplace safety practices, enhancing employee training and development, improving employee well-being and reinforcing ethical workplace standards. These measures are expected to support workforce productivity, reduce operational disruptions and improve cost efficiency over time.

As at the reporting period, no material financial impact arising from social-related risks and opportunities has been recognised. However, the Group continues to monitor workforce-related trends and regulatory developments and will refine its strategies where necessary.

► Strategic Outlook

Looking ahead, Haily will continue to strengthen its management of social-related matters to support operational efficiency and long-term sustainability.

The Group will focus on enhancing workplace safety practices, improving employee training and capability development, and strengthening employee engagement initiatives. Continuous efforts will also be made to reinforce ethical workplace practices and ensure compliance with applicable labour regulations.

In addition, the Group will continue to monitor workforce trends, including talent availability and employee expectations, to ensure that its human capital strategies remain relevant and effective.

These initiatives are expected to support workforce stability, improve productivity and enhance the Group's ability to deliver projects efficiently while maintaining a safe and inclusive working environment.

Governance Strategy

Haily recognises that strong governance practices are essential to maintaining transparency, regulatory compliance and responsible business conduct. The Group's governance strategy focuses on strengthening oversight structures, enhancing internal controls, safeguarding information systems and ensuring responsible supply chain practices.

The Group's governance strategies, aligned with identified sustainability-related risks and opportunities, are outlined below.

Cybersecurity

The Group recognises the importance of safeguarding its information systems and operational data.

Haily has implemented cybersecurity controls, including the use of firewall systems and access management measures, to protect against cyber threats and unauthorised access. System monitoring and security protocols are also maintained to ensure the reliability of IT systems.

These measures support operational continuity, reduce the risk of data breaches and enhance stakeholder confidence in the Group's digital infrastructure.



SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

Data Privacy Compliance

Haily is committed to protecting personal and business data in accordance with applicable regulatory requirements.

While a formal Personal Data Protection Act (“**PDPA**”) policy is being developed, all employees are required to acknowledge and comply with data protection requirements through signed PDPA notices upon joining the Group.

These practices help ensure responsible handling of sensitive information, reduce regulatory risks and support trust among stakeholders.

Anti-Bribery Exposure

The Group adopts a zero-tolerance approach towards bribery and corruption.

Haily has implemented an Anti-Bribery and Anti-Corruption (“**ABAC**”) Policy, which is approved by the Board and communicated to all employees. Training and awareness programmes are conducted during employee onboarding, with periodic refresher sessions to reinforce compliance.

These measures strengthen ethical conduct, reduce exposure to legal and reputational risks and support transparent business practices.

Board Oversight of Sustainability

The Board of Directors provides overall oversight of sustainability-related matters, ensuring that ESG considerations are integrated into the Group’s strategic direction and decision-making processes.

The Board reviews sustainability strategies, monitors risk management practices and ensures that appropriate governance structures are in place. Supporting the Board, the Sustainability and Risk Management Committee and its working group oversee implementation and performance monitoring.

This governance structure ensures accountability, strengthens oversight and supports effective management of sustainability-related risks and opportunities.

Supply Chain Integrity

The Group adopts a structured approach to managing its supply chain to ensure reliability, compliance and quality.

Haily maintains long-term relationships with trusted suppliers and evaluates them based on financial stability, regulatory compliance, quality standards and ethical practices. Regular monitoring and communication are conducted to ensure alignment with operational requirements.

A comprehensive procurement due diligence process is applied prior to supplier engagement. This includes assessing financial capability, reviewing legal and regulatory compliance, evaluating quality assurance processes and verifying key documentation such as licences and certifications. Where necessary, site visits or audits are conducted to validate supplier capabilities.

The Group also implements risk management measures, including supplier diversification and contingency planning, to minimise disruptions and enhance supply chain resilience.

These practices support consistent project execution, reduce operational risks and strengthen overall supply chain reliability.

SUSTAINABILITY STATEMENT CONT'D

7. Strategy CONT'D

► Current and Anticipated Financial Effects and Effects on Strategy

Weak governance practices or non-compliance with applicable laws and regulations may expose Haily to financial penalties, operational disruptions and reputational risks. Inadequate controls over areas such as anti-bribery, data protection and supplier management may also increase the likelihood of compliance breaches or business interruptions.

In addition, cybersecurity incidents or data breaches may result in financial losses, system disruptions and potential legal liabilities, while weaknesses in supply chain governance could lead to operational inefficiencies or project delays.

To mitigate these risks, the Group has implemented governance measures including the ABAC Policy, cybersecurity controls such as firewall protection and structured supplier due diligence processes. Ongoing employee training and awareness programmes further support compliance with internal policies and regulatory requirements.

These measures strengthen internal controls, reduce exposure to governance-related risks and support operational continuity. As at the reporting period, no material financial impact arising from governance-related risks and opportunities has been recognised. However, the Group will continue to monitor regulatory developments and emerging risks to ensure its governance framework remains effective.

► Strategic Outlook

Looking ahead, Haily will continue to strengthen its governance framework to support transparency, accountability and regulatory compliance across its operations.

The Group will focus on enhancing internal controls, strengthening employee awareness on ethical conduct and compliance, and improving oversight of supplier practices. Continuous monitoring of regulatory developments and industry standards will be undertaken to ensure that governance practices remain aligned with evolving requirements.

In addition, the Group will continue to enhance its cybersecurity measures and data protection practices to safeguard its information systems and reduce exposure to digital risks.

Through these efforts, Haily aims to maintain high standards of corporate governance, strengthen stakeholder confidence and support sustainable long-term business growth.

8. Risk Management

This section outlines Haily's approach to identifying, assessing and managing sustainability-related risks and opportunities, and how these are integrated into the Group's ERM framework.

Haily adopts an integrated approach to risk management, where sustainability-related risks are considered alongside other strategic, operational and financial risks. ESG factors are embedded within the Group's overall risk management and business planning processes to ensure consistent evaluation and decision-making.

Approach to Risk Management

The Board of Directors has overall responsibility for overseeing the Group's risk management framework, including sustainability-related risks. The Board ensures that appropriate governance structures, internal controls and monitoring mechanisms are in place to support effective risk management.

The Board is supported by the ARMC, which reviews the effectiveness of the Group's ERM framework, internal controls and risk management practices.



SUSTAINABILITY STATEMENT CONT'D

8. Risk Management CONT'D

Approach to Risk Management CONT'D

Sustainability-related risks are managed as part of the Group's ERM framework, which is guided by the principles of ISO 31000 Risk Management. These risks are assessed using the same methodology applied to other key business risks, ensuring consistency in risk identification, evaluation and prioritisation.

Each identified risk is evaluated based on its potential impact on operations, likelihood of occurrence and relevance to the Group's construction activities and project delivery. Both qualitative assessments and available data are considered, with management judgement applied where necessary.

Responsibility for managing identified risks is assigned to relevant management personnel and risk owners, supported by the Sustainability and Risk Management Committee and its Working Group. These parties are responsible for monitoring risk exposure, implementing mitigation measures and ensuring that controls remain effective.

Regular updates on sustainability-related risks are provided to the ARMC, with significant matters escalated to the Board for review and oversight.

Identifying Sustainability-Related Risks and Opportunities

Haily recognises that sustainability-related factors may give rise to both risks and opportunities that could affect its operations, project execution and long-term business performance.

The identification of these risks and opportunities is integrated into the Group's ERM and planning processes. The Sustainability and Risk Management Committee evaluates relevant ESG factors across the Group's activities, including construction operations, workforce management and supply chain practices.

In identifying sustainability-related risks and opportunities, the Group considers both internal information, such as operational data and project performance, and external factors, including regulatory developments, industry trends and stakeholder expectations.

Where relevant, the Group also considers potential climate-related scenarios, particularly those that may impact construction timelines, resource availability or cost structures.

Opportunities are identified alongside risks and may arise from improvements in operational efficiency, enhanced workforce capabilities, stronger supplier management or better resource utilisation. These opportunities are assessed based on their practicality, alignment with the Group's objectives and potential benefits before being incorporated into operational and strategic initiatives.

Through this approach, sustainability-related risks and opportunities are managed alongside other business risks, enabling informed decision-making and supporting the Group's long-term resilience and value creation.

SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets

The sustainability-related matters identified by Haily comprise climate-related risks and opportunities that fall within the scope of mandatory disclosures under IFRS S2 – Climate-related Disclosures, as well as broader environmental, social and governance considerations relevant to the Group's operations and stakeholder expectations.

In line with the climate-first transitional approach permitted under IFRS S1 and the NSRF, the Group's disclosures for the current reporting period are primarily focused on climate-related metrics. Other ESG indicators are monitored internally to support management oversight, operational performance and ongoing improvements in sustainability practices.

These metrics provide a basis for the Group to evaluate resource utilisation, monitor operational efficiency and assess its management of sustainability-related risks and opportunities across its construction activities.

Climate Metrics

Greenhouse Gases Emissions

Haily measures and reports its GHG emissions in accordance with the Greenhouse Gas Protocol, to the extent consistent with the IFRS Sustainability Disclosure Standards.

The Group's emissions arise primarily from fuel consumption for construction machinery, site operations and company vehicles, as well as electricity usage at offices and project sites.

Disclosures are prepared with reference to guidance under the NSRF. Where applicable, IFRS requirements take precedence.

Scope 1 emission (tCO₂e)

Scope 1 emissions represent direct greenhouse gas ("GHG") emissions from sources owned or controlled by the Group. These include emissions from fuel combustion in company-operated vehicles, heavy goods vehicles ("HGVs"), construction machinery, and generators, as well as fugitive emissions from refrigerants used in air-conditioning systems.

For the financial year ended 2025, emissions from mobile combustion sources were estimated using a **distance-based methodology**, whereby total distance travelled is multiplied by an appropriate emission factor by vehicle and fuel type. Mobile combustion sources comprise motorcycles, passenger vehicles, and HGVs, which are categorised based on vehicle type and engine capacity where applicable.

Fugitive emissions from refrigerants are estimated based on available servicing and top-up records. While such emissions are not significant relative to total emissions, they are included to improve completeness of disclosure.

The use of distance-based estimation, in the absence of comprehensive fuel consumption records, introduces a degree of estimation uncertainty, as emission factors are based on standardised assumptions rather than actual fuel usage. The Group will progressively enhance data collection processes, including transitioning towards fuel-based methodologies, to improve accuracy in future reporting periods.

The Group will continue to improve data availability and expand emissions coverage over time.

	2025 tCo ₂ e
Diesel (Vehicles and Lorries)	88.44
Fuel (company vehicles)	33.22
Fugitive emission	36.83
Total Scope 1 emissions	158.49



SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Mobile combustion	Petrol (company vehicles)	Distance-based method	Distance travelled × emission factor	Department for Energy Security & Net Zero by fuel type (UK) 2025
	Diesel (vehicles & HGV/lorries)	Distance-based method	Distance travelled × emission factor	Department for Energy Security & Net Zero by fuel type (UK) 2025
	Hybrid vehicles ¹	Distance-based method (fuel component only)	Distance travelled × emission factor	Department for Energy Security & Net Zero by fuel type (UK) 2025
Fugitive emission	Refrigerants (e.g. air-conditioning systems)	Mass-balance method (preferred) or estimation method	(Opening refrigerant stock + purchases – closing stock – recovered refrigerant) OR top-up quantities	Department for Energy Security & Net Zero by fuel type (UK) 2025

¹ For hybrid vehicles, only fuel combustion is included in Scope 1. Electricity usage is reported under Scope 2 where applicable.

Scope 2 emission (tCO₂e)

Scope 2 emissions are calculated using the location-based method, based on electricity consumption and the Malaysian grid emission factor.

The Group has installed rooftop solar panels at its headquarters to support its electricity needs. The use of solar energy reduces reliance on grid electricity and helps lower the Group's indirect Scope 2 emissions.

	2025 tCo ₂ e
Electrical	905.18
Net operational emissions	905.18

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Purchased electricity	Electricity consumption	Location-based method	Meter readings (kWh) × grid emission factor	Malaysian grid emission factor (government published) – Energy Commission (ST)

SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

Scope 3 emission (tCO₂e)

In line with transitional reliefs under IFRS S2 and the NSRF, the Group currently discloses selected Scope 3 emissions, namely business travel and employee commuting.

Other Scope 3 categories, such as emissions from construction materials, subcontractors and logistics activities, are not included due to current data limitations. The Group intends to progressively enhance Scope 3 disclosures as data collection processes improve.

	2025 tCo ₂ e
Business travel	0.12
Employee commuting	205.77
Total Scope 3 emissions	205.89

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Business travel	Air travel	Distance-based method	Distance travelled (km)	International Civil Aviation Organization carbon emission calculators
	Car/rail travel	Distance-based method	Distance travelled (km)	Department for Energy Security & Net Zero by fuel type (UK) 2025
	Hotel Accommodation	Stay-based method	No of Room per night x Conversion Factor	Department for Energy Security & Net Zero by fuel type (UK) 2025
Employee commuting	Commuting travel	Distance-based method	Employee survey (distance & mode)	Department for Energy Security & Net Zero by fuel type (UK) 2025

Inventory Boundary

The Group applies the equity share approach in defining its organisational boundary for GHG emissions.

Under this approach, emissions are recognised based on the Group's ownership interest in its entities. Activities carried out by subcontractors and external parties are excluded from Scope 1 and Scope 2 emissions and may be considered under Scope 3 in future.

Climate-Related Targets

Haily has established internal climate-related targets to support improvements in environmental performance and operational efficiency.

These targets are voluntary and intended to guide the Group's efforts in managing emissions and resource usage over time.

The Group has established the following targets:

1. Reduction in total GHG (Scope 1, Scope 2 and selected Scope 3)
2. Reduction in Scope 2 emissions from purchased electricity



SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

Scope 3 emission (tCO₂e) CONT'D

Information	Target 1	Target 2
Metric	Total Scope 1, 2, and 3 emissions	Scope 2 emissions (electricity)
Objective	Improve overall emissions performance and operational efficiency	Reduce electricity-related emissions
Coverage	Group-wide operations	
Target Period	5 years	
Target Level	1% reduction	1% reduction
Base Year	2025	
Third-party Validation	No	
Carbon Credits Usage	Not planned	
Process for Reviewing Target	Reviewed annually by the Board as part of sustainability reporting	

Progress towards these targets is monitored periodically by management and reviewed by the Board. Achievement of these targets will depend on ongoing improvements in energy efficiency, enhanced monitoring of resource consumption and strengthening of internal operational controls.

Climate-Related Transition Risks

The Group may be exposed to climate-related transition risks arising from evolving environmental regulations, industry standards and stakeholder expectations.

Potential risks include increased compliance requirements, potential carbon-related policies and rising expectations on environmental performance.

Haily monitors these developments and strengthens its environmental management practices to ensure continued compliance and operational readiness.

The Group's construction activities may be affected by physical climate risks, particularly extreme weather events such as heavy rainfall and flooding.

These events may disrupt construction timelines, affect site conditions and increase operational costs.

To manage these risks, the Group conducts site-level assessments and implements appropriate mitigation measures, including drainage controls and contingency planning, to support project continuity.

Climate-Related Opportunities

Climate-related developments also present opportunities for Haily to improve operational efficiency and strengthen its sustainability practices.

Potential opportunities include improving energy efficiency, enhancing resource management practices and strengthening environmental monitoring across construction sites.

These initiatives support cost management, improve operational performance and position the Group to respond to evolving regulatory and stakeholder expectations.

SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

Date & Time: 2026-04-22_12:12:17
FYE 31/12/2025

HAILY GROUP BERHAD
IFRS S1

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Environmental	Total volume of water used	Megalitres	224.31	--	No assurance
Social	Age Group – Management Under 30	Percentage	0.00	--	No assurance
Social	Age Group – Management Between 30-50	Percentage	52.00	--	No assurance
Social	Age Group – Management Above 50	Percentage	48.00	--	No assurance
Social	Age Group – Executive Under 30	Percentage	42.00	--	No assurance
Social	Age Group – Executive Between 30-50	Percentage	48.00	--	No assurance
Social	Age Group – Executive Above 50	Percentage	12.00	--	No assurance
Social	Age Group – Non-executive / Technical Staff Under 30	Percentage	0.00	--	No assurance
Social	Age Group – Non-executive / Technical Staff Between 30 - 50	Percentage	75.00	--	No assurance
Social	Age Group – Non-executive / Technical Staff Above 50	Percentage	25.00	--	No assurance
Social	Age Group – General Workers Under 30	Percentage	22.00	--	No assurance
Social	Age Group – General Workers Between 30 - 50	Percentage	58.00	--	No assurance
Social	Age Group – General Workers Above 50	Percentage	22.00	--	No assurance
Social	Gender Group – Management Male	Percentage	83.00	--	No assurance
Social	Gender Group – Management Female	Percentage	17.00	--	No assurance
Social	Gender Group – Executive Male	Percentage	69.00	--	No assurance

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SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

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FYE 31/12/2025

HAILY GROUP BERHAD
IFRS S1

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social	Gender Group – Executive Female	Percentage	31.00	--	No assurance
Social	Gender Group – Non-executive / Technical Staff Male	Percentage	100.00	--	No assurance
Social	Gender Group – Non-executive / Technical Staff Female	Percentage	0.00	--	No assurance
Social	Gender Group – General Workers, Male	Percentage	78.00	--	No assurance
Social	Gender Group – General Workers, Female	Percentage	22.00	--	No assurance
Social	Male Directors	Percentage	62.00	--	No assurance
Social	Female Directors	Percentage	38.00	--	No assurance
Social	Directors Under 30	Percentage	0.00	--	No assurance
Social	Directors Between 30 - 50	Percentage	38.00	--	No assurance
Social	Directors Above 50	Percentage	62.00	--	No assurance
Social	Number of work-related fatalities	Number	0	0	No assurance
Social	Lost time incident rate ("LTIR")	Rate	0	0	No assurance
Social	Number of employees trained on health and safety standards	Number	18	--	No assurance
Social	Management Training Hours	Hours	268	--	No assurance
Social	Executive Training Hours	Hours	1136	--	No assurance
Social	Non-executive / Technical Staff Training Hours	Hours	8	--	No assurance
Social	General Workers Training Hours	Hours	0	--	No assurance

SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

Date & Time: 2026-04-22_12:32:17
FYE 31/12/2025

HAILY GROUP BERHAD
IFRS S1

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social	Percentage of employees that are contractors or temporary staff	Percentage	0.67	--	No assurance
Social	Total number of employee turnover – Management	Number	3	--	No assurance
Social	Total number of employee turnover – Executive	Number	34	--	No assurance
Social	Total number of employee turnover – Non-executive / Technical Staff	Number	2	--	No assurance
Social	Total number of employee turnover – General Workers	Number	2	--	No assurance
Social	Number of substantiated complaints concerning human rights violations	Number	0	--	No assurance
Social	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	69,004.50	--	No assurance
Social	Total number of beneficiaries of the investment in communities	Percentage	9	--	No assurance
Governance	Percentage of Management who have received training on anti-corruption by employee category	Percentage	100.00	100.00	No assurance
Governance	Percentage of Executive who have received training on anti-corruption by employee category	Percentage	100.00	100.00	No assurance
Governance	Percentage of Non-executive / Technical Staff who have received training on anti-corruption by employee category	Percentage	100.00	100.00	No assurance

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SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

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FYE 31/12/2025

HAILY GROUP BERHAD
IFRS S1

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Governance	Percentage of General Workers who have received training on anti-corruption by employee category	Percentage	100.00	100.00	No assurance
Governance	Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	No assurance
Governance	Confirmed incidents of corruption and action taken	Number	0.00	0.00	No assurance
Governance	Proportion of spending on local suppliers	Percentage	100.00	--	No assurance
Governance	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0.00	0.00	No assurance

SUSTAINABILITY STATEMENT CONT'D

9. Metrics and Targets CONT'D

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

Date & Time: 2026-04-22_12:32:17
FYE: 31/12/2025

HAILY GROUP BERHAD
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Environmental	Total energy consumption	Megawatt	1,223.21	--	No assurance
Environmental	Scope 1 emissions in tonnes of tCO ₂ e	Metric Tonnes	158.49	--	No assurance
Environmental	Scope 2 emissions in tonnes of tCO ₂ e	Metric Tonnes	90518	--	No assurance
Environmental	Scope 3 emissions in tonnes of tCO ₂ e (at least for the categories of business travel and employee commuting)	Metric Tonnes	205.89	--	No assurance

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SUSTAINABILITY STATEMENT CONT'D

10. Events After the Reporting Period

The Group has assessed events occurring after the reporting period up to the date of approval of this SS. Based on this assessment, no material events or developments have been identified that would require disclosure or adjustment to the information presented in this SS.

11. Stakeholder Feedback

Haily values feedback from stakeholders as part of its ongoing commitment to strengthening sustainability practices and enhancing transparency in its sustainability reporting.

Stakeholder feedback supports the Group in identifying areas for improvement, refining its disclosures and ensuring that sustainability-related information remains relevant and meaningful.

Feedback received is reviewed by management and, where appropriate, escalated to the ARMC for further consideration.

Stakeholders who wish to provide comments, suggestions or enquiries regarding this SS may contact the Group at: sustainability@haily.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Haily is committed to ensure that the highest standards of corporate governance (“**CG**”) is observed and practiced throughout the Group as a fundamental part of discharging its duties and responsibilities in order to achieve the Group’s long-term objectives, protect and enhance shareholders’ value and safeguard the interests of stakeholders.

The Board views CG as a crucial and integral part of the Group’s long term sustainability initiatives.

This CG Overview Statement is prepared in compliance with the ACE LR of Bursa Securities which provides shareholders and investors with an overview of the application of the principles and the practices (“**CG Practices**”) as set out in the MCCG by the Company throughout the FYE 2025:

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement should be read together with the Corporate Governance Report 2025 (“**CG Report**”) of the Company which provides the details on how the Company has applied each CG Practice. Other than Practice 13.3, the Board is of the view that Haily has substantially applied the practices as recommended by the MCCG.

The CG Report is made available on the Company’s website at www.haily.my as well as via announcement on Bursa Securities’ website.

All references made to the Company’s website in this statement refers to www.haily.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Roles and Responsibilities of the Board

The roles and responsibilities of the Board, Chairman of the Board, EDs, CEO, Senior Independent Non-Executive Director, the members of the Board, the Board Committees, namely ARMC, NC and RC (collectively “**Committees**”), are set out in the Board Charter which is made available on the Company’s website.

All Directors are expected to act with utmost integrity, lead by example, keep abreast of their responsibilities as directors and of the conduct, business activities and development of the Company. The Board assumes ultimate accountability and responsibility for the stewardship of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The powers and duties of the Directors are as set out in the Constitution of the Company and as prescribed under Sub-division 3 of Division 2 of the Companies Act 2016 including those expounded under Guidance 1.1 of the MCCG.

The Board’s responsibilities in respect of the stewardship of the Group include providing strategic leadership and business direction, development and control of the Group, management oversight, initiatives to embrace the responsibilities listed in the MCCG as well as integration of sustainability consideration in the Group’s corporate strategy, governance and decision-making in order to achieve the Group’s long-term objectives, enhance shareholders’ value and safeguard the interests of stakeholders. While the Board sets the strategic plan and policies, the CEO who is supported by the EDs and assisted by the Senior Management of the Group is responsible for making and implementing operational and corporate decisions while the Independent Non-Executive Directors (“**INEDs**”) ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management’s assumptions and projections in safeguarding the interests of the shareholders.



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Roles and Responsibilities of the Board CONT'D

The Board is also assisted by several Board Committees, namely the ARMC, NC and RC to assist in the execution of Board functions. The ARMC and the Board are further assisted by the Sustainability and Risk Management Committee (“**SRMC**”) (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific Board agendas. All Committees have written terms of reference which are available for reference on the Company’s website. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The respective Chairman of these Committees would report to the Board during the Board meetings on significant and salient matters deliberated in the Committees.

Although the Board may delegate powers and responsibilities to these Committees, the Board retains ultimate accountability for discharging its duties.

The Board continuously upholds CG standards and values in the organisation and strives to lead by example in strengthening its competitiveness and instil investor confidence in the Group. In the discharge of its duties and responsibilities, the applicable CG Practices and guidances are embedded in the terms of reference of the respective Committee, the Board’s Policies and the Board Charter which clearly delineate relevant matters including those reserved for the Board’s approval, and those which the Board may delegate to the Committees, the CEO, the EDs and the Management.

The Board Charter as well as the following Policies and terms of references of the Committees are made available on the Company’s website: -

Policies

- Anti-Bribery and Anti-Corruption Policy
- Board Corporate Disclosure Policy
- Board’s Procedures for Appointment of Directors
- Code of Conduct and Business Ethics Policy
- Continuing Education Policy
- Diversity Policy
- Remuneration Policy
- Stakeholder Communications Policy
- Whistle-Blowing Policy
- Fit and Proper Person Policy

Terms of Reference

- Audit and Risk Management Committee
- Nominating Committee
- Remuneration Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Separation of Position of Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are distinct and separated to ensure a balance of power and authority. The Board is headed by Haji Mohd Jaffar Bin Awang (Ismail), who is the Independent Non-Executive Chairman while the CEO is Mr Young Woei Yeh.

The Chairman is responsible for leadership, governance, orderly conduct of the Board and ensuring the effectiveness of all aspects of its role. The Chairman represents the Board to the shareholders and acts as facilitator at the meetings of the Board and ensure that no Board member dominates the discussion, appropriate discussion takes place, relevant opinion among Board members is forthcoming and decisions are arrived after due consideration.

The CEO has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the Group's policies, strategies and decisions adopted by the Board. The CEO shall be the head of the Management of the Group and reports to the Board.

The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO.

The details of these responsibilities are articulated in the Board Charter which is made available on the Company's website.

Qualified and Competent Company Secretaries

The Board is supported by two (2) External Company Secretaries, both qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and also registered as holders of the Practising Certificate issued by Suruhanjaya Syarikat Malaysia. Both the Company Secretaries are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the EDs assist the Chairman of the Board and Chairman of Board Committees to deal with the respective agendas and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.

The Company Secretaries attend all Board and Committee meetings and ensure the meetings are properly convened, deliberations and decisions made by the Board are accurately recorded and kept. The Company Secretaries attended relevant development and training programmes to enhance their abilities in discharging their duties and responsibilities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Board Meeting

A corporate calendar of all scheduled meetings and planned events for the coming financial year is furnished to all Directors and the Management by the Company Secretaries normally before the start of the financial year to aid and facilitate the Directors in scheduling and meeting their time commitments.

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the feasibility of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with the relevant information and explanations required for informed decisions to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, reports of the various Committees, corporate exercises and strategic financial and investment decisions. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

The Chairman ensures that the Committees meetings are not combined with the main Board meeting. Committee meetings are conducted separately from the Board meeting to enable objective and independent discussion during the respective Committee meetings.

The deliberations and decisions at Board and Committees meetings are well documented in the minutes. The Company Secretaries will circulate the draft minutes of meetings for the Board's and Board Committees' review in a timely manner and tabled for the confirmation in the subsequent meeting.

Access to Information and Advice

The Board has unrestricted access to all information within the Group and has the authority to seek any information they require from any employee of the Group and all employees must comply with such request. All Board members have direct access to the advices and services of the Company Secretary. The Board is constantly kept informed of various requirements and updates issued by various regulatory authorities. In addition, the Board may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense through an agreed procedure.

The Board is provided with relevant supporting information and data on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations and/or clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings. This information is circulated to the Board members at least seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively whilst highly sensitive corporate proposals are circulated during the meeting. Additionally, the Management is also invited to brief and provide additional information or clarification in meetings of the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Board Charter

The Board Charter is the primary document which clearly set out the roles and responsibilities of the Board, Chairman of the Board, EDs, Board Committees, CEO and individual Board members, taking into consideration all applicable laws, rules and regulations as well as the best practices. It serves as guidance to assist all Board members and outlines what is expected from them in terms of their commitment, roles and responsibilities in discharging their fiduciary duties and fulfilling their responsibilities as Board members. It serves as a reference and primary induction literature in providing Board members insight into the function of the Board of the Company. Board specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance and others are entrenched in the Company's Board Charter. It also serves as a reference in the annual assessment of the Board's performance, performance of its Committees, Chairman of Board Committees, INEDs and of its individual Directors.

The last review conducted by the Board on the Board Charter to ensure that it remains consistent with the Board's objectives and responsibilities was in February 2026.

The Company's Board Charter is made available on the Company's website.

Code of Conduct and Business Ethics Policy

The Board has formalised a Code of Conduct and Business Ethics ("**the Code**"), setting out the standards of conduct expected from Directors and employees at executive level and above (referred to as "**employees**"). The Code sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their duties and responsibilities. The Board aims to ensure that all Directors and employees act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the Code which is made available on the Company's website and the last review conducted by the Board on the Code was in May 2024.

Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy ("**WBP**") which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

The last review conducted by the Board on the WBP was in March 2026 and is made available on the Company's website.

This Policy is administered by the ARMC with the assistance of the Management and overseen by the Board.



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environmental, economic, social and governance aspects including climate-related risks and opportunities as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and its employees are set out in the Sustainability Statement in this Annual Report.

II. BOARD COMPOSITION

Haily is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of accounting, finance, taxation, business, construction and law. This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board has no expertise, the Board is able to seek and engage professional advice to ensure that the Board is well informed before it arrives at any decisions. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 32 years to 73 years to ensure that different viewpoints are considered in the decision making process.

As at the date of this statement, the Board has eight (8) members, comprising four (4) EDs (including the CEO) and four (4) INEDs (including the Chairman of the Board).

The current Directors of the Company as at the date of this statement are as follows -

Name of Directors	Gender	Directorate
Haji Mohd Jaffar Bin Awang (Ismail)	Male	Independent Non-Executive Chairman
See Tin Hai	Male	Executive Director
Yoong Woei Yeh	Male	CEO/Executive Director
See Swee Ling	Female	Executive Director
See Cul Wei	Female	Executive Director
Tan Sui Huat	Male	Senior Independent Non-Executive Director
Ong Kheng Swee	Male	Independent Non-Executive Director
Poh Boon Huwi	Female	Independent Non-Executive Director

This composition fulfils the requirements of Rule 15.02(1)(a) of the ACE LR of Bursa Securities which require at least two (2) directors or at least one third (1/3) of the Board members whichever is higher are independent directors as well as Practice 5.2 of the MCGG for at least half of the Board members comprising of independent directors.

Currently, three (3) members of the Board are of the female gender, which represents 37.5% of the Board's composition. This is in compliance with Rule 15.02(1)(b) of the ACE LR of Bursa Securities which requires at least one (1) woman director on the Board as well as Practice 5.9 of the MCGG for the Board to have at least 30% women Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Based on the results of the evaluation of the performance of the Board as a whole, the performance of the Board Committees and the performance of each individual Director, the NC and the Board are satisfied with the existing size, structure and composition, and are of the view that the current mix of skills, competence, knowledge and experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively and ensure accountability.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the ACE LR. The profile of each Director is set out in the Directors' Profiles of this Annual Report.

Independence of the Board

Having listed on the ACE Market since 21 July 2021, none of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at the date of this Statement.

The Board adopted the concept of independence in tandem with the definition of the Independent Directors under Rule 1.01 and Guidance Note 9 of the ACE LR of Bursa Securities.

The Independent Directors provide their independent view, unbiased judgment and knowledge to the management as well as safeguarding the interests of the shareholders and do not participate in the day-to-day management of the Group.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.

All four (4) Independent Directors satisfy the independence test under the ACE LR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors constitute at least half of the current Board structure.

Appointment to the Board

The Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Directors of the Company conform with the Company's Fit and Proper Person Policy and that the Directors of the Company are comprised of those, who have the necessary skills, competencies, commitment, character, integrity and experience to complement the efficiency and effectiveness of the Board as a whole.

The Board's Fit and Proper Person Policy and procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance, competencies and ultimately the quality and integrity of the Board.

The Company has formal and transparent procedures established for the appointment of new director(s) to the Board. The procedures for the appointment of new director(s) is made available on the Company's website.

The NC is responsible for assessing and recommending suitable candidate(s) for directorship to the Board, leveraging on several sources such as recommendation from existing Board members, Senior Management, substantial shareholders, business associates and referrals from third party consultants and independent sources such as professional bodies and organisation to gain access to wide pool of potential candidates, based on the profile and background of the candidate(s).



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Appointment to the Board CONT'D

The NC is mindful of the importance of succession planning for the members of the Board and Senior Management including formalising its stand and approach to boardroom diversity. The NC will where practicable, maintain a database of suitable and potential candidate(s) for meeting the roles identified.

Re-election of Directors

The re-election of Directors provides an opportunity for shareholders to renew their mandates conferred to the Directors.

Clause 133 of the Company's Constitution provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Whereas Clause 118 of the Company's Constitution provides that any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election.

The Director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

The above provisions are adhered to by the Board. Information on Directors standing for re-election are outlined in the Profile of Directors. These include their age, gender, date of appointment, directorate, details of any board committee, directorships in other public companies and listed companies, qualification, working experience, and any conflict of interest as well as their shareholdings in the Company is set forth in the Directors' Profiles and the Analysis of Shareholdings while their attendance of the Board meetings are set forth in the CG Overview Statement of this Annual Report.

At the forthcoming 6th AGM, Mr See Tin Hai, Mr Tan Sui Huat and Ms Poh Boon Huwi are due to retire by rotation under Clause 133 of the Company's Constitution and being eligible have offered themselves for re-election.

Following the NC's review on the performance of the Directors and having noted their significant and valued contributions to the Board, the NC had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that the shareholders re-elect the retiring Directors at the forthcoming 6th AGM.

The Directors subject to retirement have completed their respective Declarations in accordance to the Fit and Proper Person Policy to affirm that they have fulfilled the fit and proper person criteria relating to their Probity, Personal Integrity, Reputation and Financial Integrity.

Board Diversity Policy

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, the ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship. The Board had adopted a Diversity Policy which acknowledges the importance of Board and Senior Management diversity which includes, but is not limited to skills, experience, age, cultural background and gender.

The Board Diversity Policy is made available on the Company's website.

Currently, three (3) members of the Board are of the female gender, which represents 37.5% of the Board's composition. This is in compliance with Rule 15.02(1)(b) of the ACE LR of Bursa Securities which requires at least one (1) woman director on the Board as well as Practice 5.9 of the MCCG for the Board to have at least 30% women Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Fit and Proper Person Policy

The Board had established and adopted the Fit and Proper Person Policy to ensure that the Board's quality and integrity is maintained and up to expectations. It also serves as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement. The main objective of this Policy is to ensure that the Group is led by persons of integrity, credibility and competency as well as to enable the discharge of the responsibilities required of the position in the most effective manner.

The Company's Fit and Proper Person Policy is made available on the Company's website.

Evaluation of Board Performance

The Board through the NC evaluates the performance of the Board as a whole, the Board Committees, the individual Directors and the independence of the Independent Directors on an annual basis. The evaluation criteria and processes are in accordance with the procedure that has been established, endorsed and approved by the Board following the recommendation made by the NC. The Board evaluation process is carried out by way of peer assessment, in the form of evaluation questionnaires completed, reviewed and deliberated by the NC before its findings and recommendations were tabled to the Board.

The NC reviews the Board Composition in terms of appropriate size, required mix of skills, experiences and other qualities, including core competencies and adequacy of balance between EDs and INEDs. As part of the annual assessment of the individual Directors, the NC will review the professionalism, integrity, honesty, competency, time commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company's shareholders and stakeholders and to fulfil the responsibilities of a director.

The evaluation of the performance of the Chairman of the Board, the Chairman of the ARMC, NC, RC and the Senior Independent Non-Executive Director was also conducted during the scheduled meeting of the NC. Each Director abstained from deliberation on his/her own evaluation.

Attendance of Board and Board Committees Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened as and when necessary. During the FYE 2025 the Board conducted five (5) Board Meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group.

The attendance record of Directors at the Board and Board Committees meetings held during the FYE 2025 is set out below: -

Name of Directors	Attendance			
	Board	ARMC	NC	RC
Haji Mohd Jaffar Bin Awang (Ismail)	5/5	-	-	-
See Tin Hai	5/5	-	-	-
Yoong Woei Yeh	5/5	-	-	-
See Swee Ling	5/5	-	-	-
See Cul Wei	5/5	-	-	-
Tan Sui Huat	5/5	5/5	1/1	3/3
Ong Kheng Swee	5/5	5/5	1/1	3/3
Poh Boon Huwi	5/5	5/5	1/1	3/3



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Training and Development of Directors

The Board recognises that it is imperative that Directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and had adopted a Board Policy on Continuing Education to set forth the elements of continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations. The Policy is made available on the Company's website.

The Chairman of the NC based on the annual assessment of each Director and the Training Needs Analysis approved and adopted by the Board is authorised to make recommendations for each individual Director's continuing education requirements as the NC may deem necessary or appropriate to meet the intentions and purposes of this policy.

The Directors are also encouraged to evaluate their own training needs on a continuous basis to determine and attend the relevant training programmes, seminars, briefings or dialogues to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties and responsibilities more effectively.

As at the date of this statement, all the Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") Part II and continue to attend training programs and seminars organised by the regulators, professional bodies and other organisations to keep abreast of the latest developments and enhance professionalism in order to discharge their duties effectively.

During the FYE 2025, the Directors had attended the following training programmes -

Date	Training Programmes	Name of Director
12 - 13 January 2025	MAP Part II: Leading for Impact ("LIP") by Institute of Corporate Directors Malaysia ("ICDM")	Ong Kheng Swee
24 February 2025	MIA Webinar Series: E-Invoice Implementation Treatment for Various Kinds of Business Transactions by Malaysian Institute of Accountants ("MIA")	Poh Boon Huwi
10 April 2025	MIA Webinar Series: Fundamental Data Analytics for Auditors	Ong Kheng Swee
16 April 2025	Case Study-Based Webinar: IFRS Sustainability Disclosure Standards: IFRS S1 & S2 by MIA	Ong Kheng Swee
18 April 2025	Case Study-Based Webinar: Preparing a Practice for Sustainability Assurance: The basics by MIA	Ong Kheng Swee
10 July 2025	Case Study-Based Webinar : IFRS Sustainability Disclosure Standards: IFRS S1 & S2 by MIA	Poh Boon Huwi
17 July 2025	How to measure sustainability performance optimally: Target setting and choosing the right metrics? by Association of Chartered Certified Accountants ("ACCA")	Ong Kheng Swee
3 September 2025	Case Study-Based MFRS Webinar: Technical Updates Affecting Financial Reporting by MIA	Poh Boon Huwi
25 September 2025	Case Study-Based Webinar: ESG Investing and Capital Markets: The Role of ESG in Investment Decision-Making by MIA	Ong Kheng Swee

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Training and Development of Directors CONT'D

Date	Training Programmes	Name of Director
15 October 2025	Complimentary Webinar: Implementation of ISSA 5000, General Requirements for Sustainability Assurance Engagements by MIA	Ong Kheng Swee
4 November 2025	ACCA Virtual Seminar - Post Budget 2026	Ong Kheng Swee
6 November 2025	Tax Seminar on Budget 2026 by Grant Thornton	See Swee Ling
13 – 14 November 2025	MIA Webinar Series: ESG Audit for Internal Audit	Ong Kheng Swee
26 November 2025	Sustainability Report Awareness by ASAP Advisory PLT (“ASAP”)	Ong Kheng Swee
27 November 2025	Sustainability Report Awareness (latest update) by ASAP	Haji Mohd Jaffar Bin Awang (Ismail) See Tin Hai Yoong Woei Yeh See Swee Ling See Cul Wei Tan Sui Huat Ong Kheng Swee Poh Boon Huwi

Nominating Committee (“NC”)

The NC comprises exclusively of INEDs. The NC of the Company is chaired by the Senior Independent Non-Executive Director.

The primary responsibilities of the NC are set out in detail in its Terms of Reference which is made available on the Company’s website.

During the FYE 2025, the members of the NC were as follows: -

Name of NC Members	Designation	Directorate
Tan Sui Huat	Chairman	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

Haily is in compliance with Practice 1.4 of the MCCG whereby the Chairman of the Board, Haji Mohd Jaffar Bin Awang (Ismail) is not a member of the ARMC, NC and RC.

In compliance with the provision of Rule 15.08A(3) of the ACE LR of Bursa Securities, the activities of the NC for the FYE 2025 are set out in Practices 5.3, 5.7 and 6.1 of the CG Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

III. REMUNERATION

Remuneration Committee (“RC”)

The RC comprises exclusively of INEDs as follows:

Name of RC Members	Designation	Directorate
Poh Boon Huwi	Chairperson	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director

The RC and Board are mindful of the need to remunerate and retain its Directors and Senior Management to ensure that their commitment remains intact as well as to properly motivate, inspire and drive their performance. Their remuneration package is therefore, directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors and Senior Management which is aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Directors and Senior Management should reflect the responsibilities, expertise and complexity of the Company's activities.

The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of EDs and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience, seniority and level of responsibilities.

The Board as a whole will determine the remuneration of the EDs, INEDs and Senior Management, with each individual Director abstaining from deliberation and decision of their own remuneration.

The RC had reviewed the remuneration of the EDs and the Senior Management for FYE 2025 and FYE 2026 and recommended to the Board for approval whereas the Board as a whole had reviewed the Directors' Fees for FYE 2025 and FYE 2026 payable to the INEDs and had resolved to recommend to the shareholders for consideration and approval at the 6th AGM.

The Remuneration Policy for Directors and Senior Management is made available on the Company's website.

The details of the remuneration and benefits paid to the Directors and Key Senior Management of the Company and the Group for services rendered in all capacities for the FYE 2025 are tabulated under Practices 8.1 and 8.3 of the CG Report respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

The ARMC comprises exclusively of INEDs as follows: -

Name of ARMC Members	Designation	Directorate
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

The ARMC Chairman, Mr Ong Kheng Swee is a member of the Malaysian Institute of Accountants and is not the Chairman of the Board.

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Company and the Group and is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC is made available on the Company’s website.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board recognises as essential for an effective and independent ARMC. None of the members of the Board is a former key audit partner. As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy stipulation that governs the appointment of a former key audit partner to the ARMC. The policy which is codified in the ARMC’s Terms of Reference requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be considered for appointment as a committee member.

Further information on the summary of activities of the ARMC are set out in the Audit and Risk Management Committee Report of this Annual Report.

Assessment of External Auditor

The ARMC has adopted a procedure to assess the suitability, objectivity and independence of the External Auditors. The ARMC continues assessing the level of non-audit services rendered by the External Auditor to ensure that such services will not impair their objectivity and independence. Being satisfied with the performance, technical competence and audit independence, the ARMC will then recommend any reappointment decision to the Board, where the Board will make the appropriate recommendation to seek shareholders’ approval in the AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONT'D

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish the risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.

The ARMC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of the Group's internal control environment and ensure compliance with the ACE LR, the Group has an internal audit function which is outsourced to an independent professional service firm, NeedsBridge Advisory Sdn Bhd, who reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely basis.

The Board has in place the Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Corporate Disclosure Policy which the Board adopted: -

- To promote and elevate a high standard of integrity and transparency through timely, comprehensive, accurate, quality and full disclosure.
- To promote and maintain market integrity and investor confidence.
- To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.
- To build good relationship with all stakeholders based on transparency, openness, trust and confidence.
- To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.

The detailed Stakeholders Communication Policy and Corporate Disclosure Policy are made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS CONT'D

II. CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take appropriate measures to encourage shareholders' participation at general meetings as recommended under the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during AGMs.

To ensure effective participation and engagement with shareholders at the AGM, all Directors including members of the ARMC, NC and RC, attended and participated at the AGM.

In line with the best CG practice, the Notice of AGM and Annual Report were disseminated to shareholders at least 28 days before the AGM in order to provide sufficient time for shareholders to understand and consider the proposed resolutions tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 31 March 2026.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the ARMC Report and its summary of work for the FYE 2025 in compliance with Rule 15.15 of the ACE LR of Bursa Securities.

COMPOSITION

The ARMC comprises three (3) members, all of whom are INEDs. Two (2) of the ARMC members are members of the MIA. No alternate director is appointed as a member of the ARMC. The ARMC meets the requirements of Rule 15.09(1)(a), (b), (c)(i) and 15.09(2) of the ACE LR of Bursa Securities and Practice 9.4 under Principle B of the MCCG.

The Chairman of the ARMC is not the Chairman of the Board. This is in line with Practice 9.1 and Practice 1.4 of the MCCG whereby the Chairman of the Board, Haji Mohd Jaffar Bin Awang (Ismail) is not a member of the ARMC.

The ARMC comprises the following Directors during the FYE 2025 and from 1 January 2026 to the date of this report:

Name of ARMC Members	Designation	Directorate
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

ATTENDANCE OF MEETINGS

The ARMC met five (5) times during the FYE 2025. The attendance details of each member of the ARMC at these meetings are as follows: -

Name of ARMC Members	Number of Meetings Attended
Ong Kheng Swee	5 / 5
Tan Sui Huat	5 / 5
Poh Boon Huwi	5 / 5

The Board through the NC reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board's Committee effectiveness evaluation. The Board is satisfied that each of the members of the ARMC as well as the ARMC as a whole had carried out its duties and discharged its responsibilities in accordance with the ARMC's Terms of Reference. The ARMC had functioned effectively, meeting the objectives as set out in its Terms of Reference and assisting the Board in fulfilling its statutory and fiduciary responsibilities adequately.

TERMS OF REFERENCE

The Terms of Reference of the ARMC is made available on the Company's website at www.haily.my.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

MEETINGS

The ARMC shall meet at least four (4) times in a year. The Chairman of the ARMC may call at any time for any additional meetings at the Chairman's discretion. The External Auditors ("EA") may request a meeting if they consider that one is necessary and the Chairman upon such request will convene a meeting for the purpose. The ARMC shall meet with the EA and the representatives of the outsourced internal audit function at least once a year and as and when deemed necessary without the presence of any EDs or Management. The ARMC had convened a total of five (5) meetings during the FYE 2025.

The agenda for meetings, the relevant reports and papers were furnished to the ARMC members by the Company Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings. All issues were adequately deliberated during the ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board for review, notation and Board intervention where deemed necessary. The minutes of these deliberations and resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and tabled for confirmation at the following ARMC meeting.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes (with the assistance of the outsourced internal audit function), the interim and year-end financial reports, the internal and external audit plans and reports, related party transactions, annual budget and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

The CFO and Financial Controller ("FC") were invited to attend all ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The CEO and COO were also invited to the ARMC meetings to brief the ARMC on the Group's on-going construction projects and strategic initiatives and to seek clarification and explanations on points raised.

The representatives of the outsourced internal audit function attended the ARMC meetings to table their Internal Audit plan and reports. Similarly, the EA of the Company represented by their Engagement Partner and Audit Manager leading the audit attended the ARMC meetings to present their Audit Plan and Audit Report.

SUMMARY OF ACTIVITIES

During the FYE 2025, the ARMC in discharging its duties and functions, had carried out the following activities which are summarised as follows: -

a) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the ARMC:

- i. Reviewed the unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The unaudited interim financial report for the 4th quarter of 2024 was tabled at the ARMC meeting held on 26 February 2025. The unaudited interim financial reports for the 1st, 2nd, 3rd and 4th quarters of the FYE 2025 respectively were tabled at the ARMC meetings held on 28 May 2025, 28 August 2025, 27 November 2025 and 26 February 2026 respectively.

In reviewing these unaudited interim financial reports, the ARMC ensured that these reports were prepared in compliance with the MFRS and also took into consideration Rule 9.22 including Appendix 9B of the ACE LR of Bursa Securities.

- ii. Reviewed the Audited Financial Statements for the FYE 2024 and FYE 2025 ("AFSs") on 26 March 2025 and 31 March 2026 respectively. In reviewing these AFSs, the ARMC ensured that these AFSs were prepared in compliance with the MFRS and the requirements of the Companies Act 2016 in Malaysia.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

a) Financial Reporting CONT'D

In overseeing and discharging its responsibilities in respect of financial reporting, the ARMC: CONT'D

- iii. Reviewed the Budget for the FYE 2026 prepared by the Management on 27 November 2025 and ensured that the assumptions and estimates were reasonable and prudent.
- iv. Reviewed the solvency statement in connection with the declaration of second interim single tier dividend for the FYE 2024 on 26 March 2025.
- v. Reviewed the solvency statements in connection with the declaration of first single tier dividend for the FYE 2025 on 28 August 2025 before recommending to the Board for consideration and approval of the distributions.
- vi. Reviewed the capitalisation of intragroup debts before recommending to the Board for consideration and approval on 26 February 2025.

b) External Audit

- i. On 27 November 2025, the ARMC reviewed the EA's scope of work and Audit Plans for the FYE 2025 prior to the commencement of audit. The EA had also declared their independence in relation to their audit for the FYE 2025 to the ARMC.
- ii. The ARMC conducted two (2) private meetings with the EA without the presence of the EDs and the Management on 26 February 2025 and 26 February 2026. During the private session, the EA conveyed that there were no areas of concerns to be raised or highlighted to the ARMC or the Board and that they had received full co-operation from the Management during their audit.
- iii. On 26 February 2025 and 26 February 2026, the ARMC reviewed the EA's Audit Committee Memorandum in relation to the EA's audit of the financial statements for the FYE 2024 and FYE 2025 of the Group respectively.
- iv. The ARMC carried out an assessment of the performance of EA, Baker Tilly Monteiro Heng PLT ("BTMH"). The ARMC had considered and reviewed the EA experience, quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees. BTMH also declared their independence to the ARMC and indicated their willingness to continue office for next financial year. The ARMC is satisfied with the independence, performance and suitability of BTMH based on the assessment and recommended to the Board for approval for the re-appointment of BTMH as Auditors of the Company for the FYE 2026. The Board at its meeting held on 31 March 2026, approved the ARMC's recommendation to re-appoint BTMH as Auditors of the Company for the FYE 2026, subject to the shareholders' approval to be sought at the forthcoming 6th AGM.

c) Internal Audit

- i. On 28 May 2025, the ARMC reviewed the Internal Audit Report in relation to the Group's Tendering Management and Cost Monitoring and on 27 November 2025, the ARMC reviewed the Internal Audit Report in relation to the Group's Project and Site Management. The ARMC considered and discussed the internal audit findings and the recommendations made by the outsourced internal audit function on the areas of improvement. The ARMC also received the internal audit function action plan progress follow up report at the meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

c) Internal Audit CONT'D

- ii. The ARMC conducted one (1) private meeting with the outsourced internal audit function without the presence of the EDs and the Management on 27 November 2025. During the private session, the outsourced internal audit function conveyed that the Management had extended full co-operation to their personnel with no restriction to the IA's scope of work, access to the Management and staff or documentation needed during their audit and the Management responses are forthcoming.
- iii. The ARMC carried out an assessment of the performance of the internal audit function by considering and reviewing the internal audit function's qualifications and experience, resources availability and competency, independence, scopes and functions of the internal audit function and collaboration with EA. The ARMC concluded that the internal audit function had performed and carried out their work professionally and met the expectations of the ARMC. The ARMC agreed to the internal audit function continuing and performing their role according to the approved Internal Audit Plan.

d) Related Party Transaction

The ARMC reviewed and considered the Related Party Transactions at its meeting held on 26 February 2025, 28 May 2025, 28 August 2025, 27 November 2025 and 26 February 2026 respectively to ensure that they were not detrimental to the interests of the minority shareholders.

e) Sustainability and Risk Management

- i. The ARMC had on 26 February 2025, 28 May 2025, 28 August 2025, 27 November 2025 and 26 February 2026 received reports from the CEO and COO on the overview of the Group's on-going construction projects.
- ii. On 26 February 2025, the ARMC received the compliance performance report on Anti-Bribery and Corruption for the period from 1 January 2024 to 31 December 2024 and noted that there were no instances of non-compliance with the Anti-bribery and Anti-corruption Policy during the year under review.
- iii. The ARMC had on 26 March 2025 reviewed the new Sustainability – Environmental, Social and Governance (“ESG”) Policy and Framework before recommending to the Board for approval.
- iv. The ARMC had on 27 November 2025 reviewed the Registry of Risk together with the Risk Matrix after taking into consideration the outcomes and recommendation from the internal audit function and was briefed by the SRMC on the risk factors, impacts and the proposed risk control actions to be undertaken before recommending the same to the Board for approval.
- v. On 28 May 2025 and 27 November 2025, the ARMC reviewed the report from the SRMC on the activities undertaken to promote sustainability as an integral component of the corporate values of the Group.
- vi. The ARMC had received assurance from the CEO, being highest ranking executive in the Company and the CFO, being the person primarily responsible for the management of the financial affairs, that the Group's risk management and internal control systems have operated adequately and effectively in all material aspects to meet the Group's objectives during the FYE 2025.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

f) Conflict of Interest and Potential Conflict of Interest (“COI”)

In overseeing and discharging its responsibilities in reviewing situations of COI or potential COI involving the Directors and Senior Management, the ARMC: -

- i. Reviewed and kept abreast on all the status of existing COI (if any) and potential COI involving the Directors and Senior Management by way of review of existing declarations/disclosures from all Directors and Senior Management in respect of their involvement in other companies / businesses carrying on similar business / trades as the Group.
- ii. Where applicable, recommended to the Board the measures to be taken to resolve, eliminate or mitigate any such COI or potential COI situations.
- iii. None of the Directors and Senior Management had any COI or potential COI arising and reviewed by the ARMC.

g) Corporate Governance Practices

- i. On 27 November 2025 and 26 February 2026, the ARMC reviewed the Terms of Reference for the ARMC before recommending to the Board for approval.
- ii. Reviewed the disclosures made in respect of the financial results and Annual Report of the Company to be in line with the ACE LR of Bursa Securities, the principles set out in the MCCG, other applicable laws, rules directives and guidelines including the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control and other compliance disclosures.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an independent professional services firm, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control. To uphold the professional firm's independence and objectivity, the outsourced internal audit function reports directly to the ARMC.

The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework (“IPPF”), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director, Mr Pang Nam Ming, is a Certified Internal Auditor and has a Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to the Institute of Internal Auditors during his renewal as Certified Internal Auditor. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

During the FYE 2025, the outsourced internal audit function carried out audits in accordance with the internal audit plan approved by the ARMC and the Board. The internal audit plan was developed taking into consideration the Group's Registry of Risk and other risk events identified by the internal audit function relevant to the audit objectives with the input from the Management. The outsourced internal audit function had presented their audit reports for the ARMC's review on the Group's Tendering Management & Cost Monitoring as well as Project & Site Management of the Group in May 2025 and November 2025 respectively.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

INTERNAL AUDIT FUNCTION CONT'D

The costs incurred for the outsourced internal audit function for the FYE 2025 was RM50,705.11.

The detailed elaboration on the Group's internal control system and its effectiveness is set out in the Statement on Risk Management and Internal Control of this Annual Report and the Group's sustainability initiatives is elaborated in detail in the Sustainability Statement of this Annual Report.

This ARMC Report was approved by the Board of the Company on 31 March 2026.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) and Guidance Note 11 of the ACE LR of Bursa Securities in relation to the requirement to prepare a statement about the state of risk management and internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers 2025 (“**SORMIC Guide 2025**”) and the MCCG, the Board of Haily is pleased to present the statement on the state of risk management and internal controls of the Group for the FYE 2025. The scope of this Statement includes the Company and its operating subsidiaries.

BOARD RESPONSIBILITIES

The Board being the highest-level governing body responsible for setting strategy, overseeing management, and protecting the interests of shareholders and other stakeholders affirms its overall responsibility for maintaining a sound governance, risk management and internal control system and for reviewing their adequacy and effectiveness to provide assurance on the achievement of the Group’s mission, vision, core values, strategies and business objectives, to safeguard all its stakeholders’ interests and protecting the Group’s assets as well as compliance with applicable laws and regulations. The Board has established the risk matrix of the Group within which the Board expects the management to operate based on the risk capacity, strategies, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment that is embedded into the corporate culture, strategies and processes of the Group as well as to articulate the importance of adequate and effective risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks and opportunities to the Sustainability and Risk Management Committee (“**SRMC**”), jointly led by the CEO and an ED while the ARMC, through its terms of reference approved by the Board, is delegated with the duty to review the adequacy and effectiveness of risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system. Through the ARMC, the Board is kept informed on all significant risks and control issues brought to the attention of the ARMC by the SRMC, Sustainability and Risk Management Working Group (“**SRMWG**”), the outsourced internal audit function and the external auditors.

The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of loss or fraud.

RISK MANAGEMENT

The Board recognises risk management as an integral part of the system of internal control and good management practice in the pursuits of its mission, vision, core values, strategies and business objectives. The Board maintains an on-going commitment to systematically identify, analyse, evaluate and manage significant risks and opportunities faced by the Group. The Board has put in place a formal Risk Management Handbook for the governance structure, framework and processes for enterprise-wide risk management. This serves to embed the risk management practices into all levels of the Group and to manage key business risks faced by the Group and to optimise key business opportunities available to the Group adequately and effectively. The duties for the identification, evaluation and management of the key business risks and opportunities (including sustainability) are delegated to the SRMC which consists of CEO, ED, CFO, COO and Head of Contract, Head of Procurement, Head of Design and the SRMC is further supported by the SRMWG which comprises representatives from the various departments.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT CONT'D

The principles, practices and processes of the Risk Management Handbook established by the Board are, in all material aspects, guided by the Enterprise Risk Management - Integrating with Strategy and Performance (2017) by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**").

The Risk Management Handbook established lays down the objectives and processes defined by the Board with a formalised governance structure of the risk and opportunity management activities of the Group as follows: -



Clear roles and responsibilities of the Board, ARMC, SRMC, SRMWG, Risk Owners and outsourced internal audit function are defined in the Risk Management Handbook and the terms of reference of the respective committee. The roles and responsibilities of the SRMC and SRMWG in relation to risk management are as follows: -

SRMC

- Implement the Group Risk Management Framework approved by the Board;
- Implement the risk management process which includes the identification of key risks (including sustainability matters) and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate the methodology to SRMWG and Risk Owners;
- Ensure that risk strategies adopted are aligned with the Group's organisational strategies (e.g. vision/mission, corporate strategies/goals, etc.), Group Risk Management Framework (including policies and processes) and risk appetite;
- Continuous review and monitoring of existing and emerging risks and risk events (including sustainability matters) and update of the Registry of Risks (including the incorporation of new or emerging risks or integration of business risks from implementation and integration of new strategies and business objectives or emerging sustainability matters into the Registry of Risks for monitoring);
- Review of the trends in Key Risk Factors (and its implications on risks and risk events) and Registry of Risks and Risk Matrix of the Group due to changes in the internal and external business context, business processes, business strategies or external environment and determination of management action plan(s), if required;
- Review of Risk Incidents reported by SRMWG and Risk Owners to ensure that appropriate mitigation plans are undertaken and are properly escalated to ARMC if significant;



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

RISK MANAGEMENT CONT'D

SRMC CONT'D

- Update the ARMC and the Board, on the developments in the Key Risk Factors and changes to the Registry of Risks and Risk Matrix on a periodic basis (at least annually) or when appropriate (due to significant change to the internal and external business context), the course of action to be taken by management in managing the changes and monitoring activities in relation to compliance of the Group Risk Management Framework, Policies and Procedures; and
- To perform Strength Weakness Opportunities and Threats (“**SWOT**”) Analysis for all options of the proposed strategies and business objectives and to monitor and report to the ARMC and the Board on the progress of the implementation of such strategies during the scheduled meetings.

SRMWG

- Facilitating, supervising and monitoring the implementation and compliance of the Group Risk Management Handbook and reporting any non-compliance to the SRMC;
- Facilitating and coordinating all risk management processes and activities in the Group;
- Reporting of compliance performance of the Group Risk Management Handbook, the trends in Key Risk Factors, changes in the Registry of Risks and Risk Matrix due to new or emerging risks and risk events or changes in the existing risks and risk events, the mitigation plans (and its implementation progress) and Risk Incidents (including its mitigation plans and incidents of material risks not mitigated);
- Ensuring proper reporting and communication of all risk matters (including risks arising from sustainability matters) at the appropriate level (including but not limited to, the use of the Registry of Risks or meetings or other electronic platforms), and to facilitate embedding the risk management and reporting processes into daily operations to facilitate decision making by the highest governance body of the Group; and
- Ensuring the adequacy of relevant training for the appropriate level of staff on the risk management and reporting processes so that risk awareness is maintained and/or improved.

In addition, the Risk Owners, within their areas of expertise and delegated with operational responsibilities with the following roles and responsibilities: -

- Ultimately accountable for business/risk management;
- Execute risk policies and standards, risk appetite and tolerances, and reporting processes;
- Establish and implement risk and compliance activities; and
- Accountable for on-going risk monitoring and oversight.

Systematic risk management process is stipulated in the Risk Management Handbook, whereby each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by SRMWG and Risk Owners. Risk assessments are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. During the risk management process, the Registry of Risks and Risk Matrix were updated by the SRMWG and respective Risk Owner, with relevant key risk identified and rated based on the agreed upon likelihood and impact rating with considerations of the results of internal audit activities. Subsequently the updated Registry of Risks and Risk Matrix were reviewed by the SRMC before they were reported to the ARMC. The Registry of Risks and Risk Matrix are primarily used for the identification of risk factors of key risk areas which are above the risk appetite of the Group that require the Management's and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risk monitoring mechanism, the SRMC reviews the Registry of Risks and Risk Matrix as well as assesses emerging risk and opportunities identified at strategic and operational level on an annual basis or on more frequent basis if circumstances require it and to report to the ARMC on the results of the review and assessment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT CONT'D

During the financial year under review and up to the date of this statement, the SRMWG had conducted a review and assessment exercise on existing risk factors within key risks areas, ranging from business environment (including anti-bribery and corruption and compliance with all laws, rules and regulations), corporate, finance, marketing, project management, human capital, sustainability matters, environment health and safety and management information system of the Company and its operating subsidiaries and incorporated such risk factors into the Registry of Risks for on-going monitoring and reported to SRMC for review. The Registry of Risks (with proposed risk control actions for risks mitigation, likelihood and impact rating) and corresponding Risk Matrix was tabled by the SRMC to the ARMC for review and deliberation on its adequacy and effectiveness and thereafter the results of the review were reported to the Board, which assumes the primary responsibility of the Group's risk management.

Strategies planning, business plans, business strategies and investment proposals based on risk and opportunity strategies (derived from risk management activities) are formulated by the Senior Management and/or EDs and presented to the Board for review and deliberation to ensure that the risk and opportunity strategies and corresponding proposed plans and strategies are in line with the Group's risk appetite approved by the Board. In addition, specific strategic and key operational risks and opportunities are highlighted and deliberated by the ARMC and the Board during the scheduled meetings.

Respective Risk Owners are responsible for managing the risks under their responsibilities. Risk Owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system and supplemented by external data and information collected. Respective Owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage these risks and to present to the SRMWG and SRMC for evaluation and necessary mitigating/corrective action(s). The SRMC will report to the ARMC at the scheduled meetings or more often as circumstances may require.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan reviewed and approved by the ARMC and the Board.

The above process has been practiced by the Group for the financial year under review and up to the date of this statement.

Please refer to the Management Discussion and Analysis for the key risks faced by the Group.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: -

- **Board of Directors/Board Committees**

The role, functions, composition, operation and processes of the Board are guided by a formal board charter whereby roles and responsibilities of the Board, the Chairman of the Board, the CEO, the EDs, and the Senior Independent Non-Executive Director are specified to preserve the independence of the Board from the Management and to improve oversight roles of the Board.

Board Committees (i.e. ARMC, NC, and RC) are established to carry out duties and responsibilities delegated by the Board, and are governed by written terms of reference.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL SYSTEM CONT'D

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: - CONT'D

- **Board of Directors/Board Committees** CONT'D

Per the Board Charter and as practiced, the CEO is responsible for the day-to-day management of the Group with all powers, discretions and delegations authorised from time to time by the Board.

Meetings of Board of Directors and the respective Board Committees are carried out on scheduled basis to review the financial and operational performance of the Group. Business plans and business strategies are proposed by the CEO for the Board's review and approval, after taking into consideration risks strategies and responses.

- **Integrity and Ethical Values**

The tone from the top on integrity and ethical value are enshrined in a formal Code of Conduct and Business Ethics Policy. This formal code forms the foundation of integrity and ethical value for the Group.

Integrity and ethical value expected from the employees are incorporated in the Employees Handbook, whereby the ethical behaviours expected from employees are stated. The code of conduct of the employees in carrying out their duties and responsibilities assigned are also established and formalised in the Employees Handbook.

To further enhance the ethical values throughout the Group, a formal Anti-Bribery and Anti-Corruption Policy had been put in place by the Board to prevent and manage the risk of bribery and conflict of interest within the Group, supplemented by a Whistle-Blowing Policy for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity. Grievance procedures are also incorporated in the Employees Handbook for employees to raise complaint not satisfactorily resolved to next higher authority via structured process.

Compliance of the Code of Conduct and Business Ethics as well as the Anti-Bribery and Anti-Corruption Policies are monitored via control activity monitoring mechanism coupled with the whistle-blowing and grievance procedures implemented with detected non-compliances investigated in a timely manner and appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

During the financial year under review, there was no substantiated incident reported via the whistle-blowing and grievance procedures.

- **Organisation Structure, Accountability and Authorisation**

The Group has a well-defined organisation structure in place with clear lines of reporting and accountability with the Board assuming the oversight roles.

The Group is committed to employing suitable and qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly based on staff competency to ensure operational and control effectiveness and efficiency. The establishment and communication of job responsibilities and accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

The authorisation requirement of the key internal control points of key business processes are stated in the Delegation and Limit of Authorities and respective policies and procedure, which are update from time to time to align with the risk appetite of the Board and response to enhancement of controls and operational requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL SYSTEM CONT'D

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: - CONT'D

- **Performance Measurement**

Annual Budget and forecasts for the Group are presented to the ARMC for review and approved by the Board on an annual basis. The actual performances are closely monitored against budgets to identify significant variances for prompt actions to be taken, including any revisions required.

- **Succession Planning and Human Resource**

The Board is committed to enhancing the skills, knowledge and competency of employees for personal development and corporate excellence. A succession planning process is in place to ensure key personnel within the Group are supported by competent second-in-line to reduce the impact of casual vacancies or abrupt departure of key personnel to the minimum possible.

A formal Human Resource Policy as well as the Employees Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) to carry out their duties and responsibilities effectively and efficiently.

Performance evaluations are carried out for staff of all levels to identify performance gaps, training needs and talented development.

- **Risk Assessment and Control Activities**

Risk assessment (including hazard identification risk assessment and risk controls for each project) is performed by Risk Owners at scheduled interval or when there is change in internal and/or business context (guided by the Risk Management Handbook) and reported to SRMWG and/or SRMC for review and its reporting to ARMC and the Board for decision. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board. The Group put in place Standard Operating Procedures for information technology management to manage cybersecurity risks and other information technology risks.

The Group's policies and procedures are regularly reviewed and updated to ensure their relevance to support the Group's business activities and in achieving the Group's business objectives.

- **Information and Communication**

At the operational level, clear reporting lines are established across the Group and operation reports are prepared for dissemination of critical information to relevant personnel for effective communication throughout the Group, timely decision making and execution in pursuit of the business objectives. Matters that require the Board's and Senior Management's attention are highlighted for review, deliberation, and decision making on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures, communication channels (i.e. computerised systems, secured intranet, electronic mail and modern telecommunication system) and computerised transaction processing system, so that operation data and external data can be collected and processed into relevant and adequate information and communicated timely, reliably and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different levels of management and employee for their review and decision making. The management and board meetings are held regularly for effective two-way communication of information at different level of Management and the Board.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL SYSTEM CONT'D

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: - CONT'D

- **Information and Communication** CONT'D

Communication of policies and procedures of the Group are conducted via written format, notice boards, electronic mail system and in-house trainings by respective risk or control owners.

- **Monitoring and Review**

Monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions being noted and escalated to the appropriate level of management. Periodic management meetings are held to discuss and review budgets, financial and operational performance of key divisions/departments of the Group.

Apart from the above, quarterly financial statements which contains key financial results, operational and financial management reports are also presented by CEO, CFO, COO and Financial Controller to the ARMC for review and reporting of the same to the Board to assess the operational performance, business strategies, future prospect and external business conditions. The ARMC also performed the review of the disclosure made by the directors and members of the key senior management of conflicts of interest or potential conflicts of interest.

In addition to the internal audit function (as explained below), any significant accounting and control issues highlighted by the External Auditors as part of their statutory audits, exceptions resulting from monitoring of compliance with ISO certification by external ISO auditors and surveillance audit by independent consultants engaged by the Group will be reported to the ARMC and the Board.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's governance, risk management and internal control system is outsourced to an independent professional services firm, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on governance, risk management and internal control. To uphold the professional firm's independence and objectives, the outsourced internal audit function reports directly to the ARMC.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.

The internal audits are carried out, in all material aspects, in accordance with the global guidance of International Professional Practices Framework ("IPPF"), i.e. Global Internal Audit Standards and Topical Requirements established by the Institute of Internal Auditors Global. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and has a Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his renewal as Certified Internal Auditor. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were at least one (1) Assistant Manager and at least one (1) consultant per one (1) engagement with oversight performed by the director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL AUDIT FUNCTION CONT'D

Based on the formal assessment of the internal audit function performed by the ARMC (which takes into consideration of the qualifications, experience, resources availability, competency, independence, scopes, function, and collaboration with the External Auditors) during the financial year, the ARMC concluded that the internal audit function had performed and carried out their work professionally in line with their term of reference and met the expectation of the ARMC.

The risk-based internal audit plan in respect of the FYE 2025 was drafted by the outsourced internal audit function; after taking into consideration the existing and emerging key business risks identified in the Registry of Risks and the Senior Management's opinion and was reviewed and approved by the ARMC prior to execution. Each internal audit cycle within the internal audit plan is specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

The internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to determine the adequacy and effectiveness of governance, risk structures, control structures and control processes. The outsourced internal audit function provides recommendations formulated based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the standard operating procedures and/or process flows provided and observations of the functioning of processes against the results of interviews, documented standard operating procedures and/or process flows. Thereafter, testing of controls is carried out for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance with predetermined formulation, subject to the nature of testing and verification of the samples.

During the FYE 2025, based on the internal audit plan reviewed and approved by the ARMC and the Board, the outsourced internal audit function had conducted audits on tendering management and cost monitoring and project and site management of Haily Construction Sdn Bhd, a wholly-owned subsidiary of the Company.

Upon the completion of the internal audit fieldwork, the internal audit report was presented to the ARMC during its scheduled meetings. During the presentation, the internal audit findings, priority level, risk/potential implication, internal audit recommendations, management responses/action plans, person-in-charge and date of implementation were presented and deliberated with the members of the ARMC. This is to enable the ARMC to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business process under review. During the meetings with internal audit function, ARMC assessed the impacts of internal audit findings and reviewed whether the management action plans in relation to the findings are relevant and adequate to mitigate the potential risks and/or implications arises based on the risk appetite established.

Progress follow-ups were performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldwork by way of verification via observation or through verification of samples provided by the person-in-charge to substantiate the implementation of the management action plan. Together with the internal audit reports, the updates on the implementation progress of action plans formulated per previous internal audit reports via the Action Plan Progress Report were also presented to the ARMC during the financial year for review and deliberation.

In addition, the outsourced internal audit function also presented its staff strength, qualifications and work experience and its independence for the ARMC's review during its scheduled meetings.

The costs incurred for the outsourced internal audit function for FYE 2025 is RM50,705.11.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

ASSURANCE PROVIDED BY THE CEO AND THE CFO

In line with the Guidelines, the CEO, being highest ranking executive in the Group and the CFO, being the person primarily responsible for the management of the financial affairs of the Group have provided assurances to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review. The Board, based on its review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above during the financial year, accepted the assurances provided by the CEO and the CFO.

OPINION AND CONCLUSION

Based on the review of the present and functioning of risk management and internal control system stipulated above and assurances provided by the CEO and the CFO, the Board is of the opinion that the risk management and internal control systems are operating satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's business objectives.

The Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the respective system.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE LR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by section 7 [paragraph 41 and 42] of the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Public Listed Companies (SORMIC Guide 2025) and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 to be set out, nor is factually incorrect.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy those problems.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required under the Companies Act 2016 ("**the Act**") to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Act.

In preparing the financial statements for the financial year ended 31 December 2025, the Directors have: -

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include building construction of residential and non-residential buildings, provision of civil engineering services and infrastructure construction projects, provision of rental of construction machinery and engaging in agricultural activities of managing and harvesting of durians and other fruits.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	<u>11,544,049</u>	<u>1,711,825</u>
Attributable to:		
Owners of the Company	<u>11,544,049</u>	<u>1,711,825</u>

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Second interim single-tier dividend of RM0.0033 per ordinary share in respect of the financial year ended 31 December 2024, paid on 16 May 2025	1,395,918
First interim single-tier dividend of RM0.0035 per ordinary share in respect of the financial year ended 31 December 2025, paid on 17 October 2025	<u>1,480,519</u>
	<u>2,876,437</u>

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



DIRECTORS' REPORT CONT'D

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and no allowance for doubtful debts were necessary.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT CONT'D

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM151,100 and RM60,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

WARRANTS

On 19 September 2024, the Company executed a deed poll pertaining to the creation and issuance of 196,152,700 of free warrants ("Warrants A").

The Company issued 196,152,700 Warrants A to the shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The details and salient terms of Warrants A are as follows:

- (i) Each warrant shall entitle the registered holder of the warrants to subscribe for one (1) new share at any time during the exercise period at the exercise price of RM0.26, subject to adjustments in accordance with the provisions of the Deed Poll;
- (ii) The close of business on the warrants is three (3) years from and including the date of issue of the warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day;
- (iii) The warrants may be exercised at any time during the tenure of the warrants of three (3) years commencing on and including the date of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;
- (iv) The new shares to be issued arising from the exercise of the warrants will, upon allotment and issuance, rank pari passu in all respects with the existing shares, save and except that the new shares to be issued arising from the exercise of the warrants will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared for which the entitlement date for the said distribution precedes the date of allotment and issuance of the new shares arising from the exercise of the warrants;



DIRECTORS' REPORT CONT'D

WARRANTS CONT'D

The details and salient terms of Warrants A are as follows: CONT'D

- (v) The holders of the warrants are not entitled to any voting right or to participate in any dividends, rights, allotments and/or other forms of distribution and/or offer of further securities in the Company other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll governing the warrants until and unless such holders of the warrants exercise their warrants into new shares; and
- (vi) The Exercise Price and/or number of warrants may from time to time be adjusted by the Board in consultation with an adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.

The Warrants A are quoted on the Ace Market of Bursa Malaysia Securities Berhad on 11 October 2024. The movements in the Warrants A of the Company during the financial year are as follows:

	Number of Warrants A			
	At 1.1.2025 Unit	Issued Unit	Exercised Unit	At 31.12.2025 Unit
Number of unexercised Warrants A	165,452,700	-	-	165,452,700

OPTIONS GRANTED OVER UNISSUED SHARES

Other than as disclosed elsewhere in this report, no options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

See Tin Hai*
 Yoong Woei Yeh**
 Tan Sui Huat
 Mohd Jaffar Bin Awang (Ismail)
 See Swee Ling***
 Ong Kheng Swee
 Poh Boon Huwi
 See Cul Wei

* Director of the Company and its subsidiaries, Haily Construction Sdn. Bhd., Haily Machinery Sdn. Bhd., Haily Capital Sdn. Bhd., Haily Development Sdn. Bhd. and Haily Engineering Sdn. Bhd.

** Director of the Company and its subsidiaries, Haily Construction Sdn. Bhd., Haily Capital Sdn. Bhd., Haily Development Sdn. Bhd. and Haily Engineering Sdn. Bhd.

*** Director of the Company and its subsidiary, Haily Construction Sdn. Bhd.

DIRECTORS' REPORT CONT'D

DIRECTORS CONT'D

Other than as stated above, the name of the director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report is:

Kik Siew Lee

DIRECTORS' INTERESTS

Interests in the Company

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	Number of ordinary shares			At 31 December 2025
	At 1 January 2025	Bought	Sold	
Direct interests:				
Yoong Woei Yeh	1,000,000	-	-	1,000,000
See Swee Ling	1,000,000	-	-	1,000,000
Mohd Jaffar Bin Awang (Ismail)	200,000	-	-	200,000
Ong Kheng Swee	200,000	-	-	200,000
Tan Sui Huat	200,000	-	-	200,000
Holding company				
Haily Holdings Sdn. Bhd.				
See Tin Hai	1,200,001	-	-	1,200,001
Deemed interests:				
See Tin Hai	271,381,400	-	-	271,381,400

**DIRECTORS' REPORT** CONT'D**DIRECTORS' INTERESTS** CONT'D**Interests in the Company** CONT'D

	Number of Warrants A issued pursuant to the Deed Poll dated 19 September 2024 exercisable at any time from 8 October 2024 to 7 October 2027				At 31 December 2025
	At 1 January 2025	Issued	Exercised	Sold	
Direct interests:					
Yoong Woei Yeh	500,000	-	-	-	500,000
See Swee Ling	500,000	-	-	-	500,000
Mohd Jaffar Bin Awang (Ismail)	100,000	-	-	-	100,000
Ong Kheng Swee	100,000	-	-	-	100,000
Tan Sui Huat	100,000	-	-	-	100,000
Deemed interests:					
See Tin Hai	79,740,700	-	-	-	79,740,700

By virtue of his interests in Haily Holdings Sdn. Bhd., the holding company, and pursuant to Section 8 of the Companies Act 2016 in Malaysia, See Tin Hai is also deemed to have interest in the ordinary shares in the Company and its related corporations to the extent the holding company has interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares and Warrants A of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Executive directors		
- Directors' remuneration	2,207,000	-
- Directors' defined contribution plan	264,840	-
- Directors' other emoluments	5,071	-
- Benefits in kind	63,701	-
	<u>2,540,612</u>	<u>-</u>

DIRECTORS' REPORT CONT'D

DIRECTORS' BENEFITS CONT'D

The directors' benefits of the Company were as follows: CONT'D

	Group RM	Company RM
Directors of the Company CONT'D		
Non-executive director		
- Directors' fees	252,660	252,660
Directors of the subsidiaries		
Executive directors		
- Directors' remuneration	234,000	-
- Directors' defined contribution plan	28,080	-
- Directors' other emoluments	893	-
- Benefits in kind	7,214	-
	<u>270,187</u>	<u>-</u>
Total director remuneration		
- Directors' fees	252,660	252,660
- Directors' remuneration	2,441,000	-
- Directors' defined contribution plan	292,920	-
- Directors' other emoluments	5,964	-
- Benefits in kind	70,915	-
	<u>3,063,459</u>	<u>252,660</u>

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage for the directors and officers of the Company was RM10,000,000. The insurance premium paid by the Company was RM15,675.



DIRECTORS' REPORT CONT'D

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:-

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025	2024	
		%	%	
Haily Construction Sdn. Bhd.	Malaysia	100	100	Building construction of residential and non-residential buildings
Haily Development Sdn. Bhd.	Malaysia	100	100	Dormant
Haily Capital Sdn. Bhd.	Malaysia	100	100	Engaged in argricultural activities of managing and harvesting of durians and other fruits
Haily Engineering Sdn. Bhd.	Malaysia	100	-	Provision of civil engineering services and infrastructure construction projects
Subsidiary of Haily Construction Sdn. Bhd.				
Haily Machinery Sdn. Bhd.	Malaysia	100	100	Provision of rental of construction machinery

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATION

Other than as disclosed elsewhere in this report, the Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

HOLDING COMPANY

The directors regard Haily Holdings Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

DIRECTORS' REPORT CONT'D

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
SEE TIN HAI

Director

.....
YOONG WOEI YEH

Director

Date: 31 March 2026



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	10,151,641	9,527,060	-	-
Investment in subsidiaries	6	-	-	77,380,580	70,590,785
Other investments	7	4,591,076	3,995,632	-	-
Total non-current assets		14,742,717	13,522,692	77,380,580	70,590,785
Current assets					
Current tax assets		8,160	2,534	8,160	2,534
Trade and other receivables	9	139,631,498	109,608,387	44,107	20,688
Contract assets	10	54,720,205	79,091,764	-	-
Cash and short-term deposits	11	51,884,319	30,197,803	686,784	8,666,429
Total current assets		246,244,182	218,900,488	739,051	8,689,651
TOTAL ASSETS		260,986,899	232,423,180	78,119,631	79,280,436
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	77,457,540	77,457,540	77,457,540	77,457,540
Reorganisation reserve	14	(40,029,768)	(40,029,768)	-	-
Retained earnings		79,588,395	70,920,783	559,848	1,724,460
TOTAL EQUITY		117,016,167	108,348,555	78,017,388	79,182,000
Non-current liabilities					
Borrowings	15	4,246,795	3,508,730	-	-
Deferred tax liabilities	8	165,094	166,760	-	-
Total non-current liabilities		4,411,889	3,675,490	-	-
Current liabilities					
Borrowings	15	1,969,106	10,343,032	-	-
Tax liabilities		1,891,624	1,094,677	-	17,867
Trade and other payables	16	135,180,712	108,736,745	102,243	80,569
Contract liabilities	10	517,401	224,681	-	-
Total current liabilities		139,558,843	120,399,135	102,243	98,436
TOTAL LIABILITIES		143,970,732	124,074,625	102,243	98,436
TOTAL EQUITY AND LIABILITIES		260,986,899	232,423,180	78,119,631	79,280,436

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	17	431,225,760	320,845,078	3,498,350	3,096,320
Cost of sales		(392,423,217)	(289,959,335)	-	-
Gross profit		38,802,543	30,885,743	3,498,350	3,096,320
Other income	18	788,843	688,259	-	-
Administrative expenses		(22,835,481)	(18,864,867)	(606,401)	(1,008,752)
Other expenses		-	-	(1,226,183)	-
Operating profit		16,755,905	12,709,135	1,665,766	2,087,568
Finance income	20	498,037	207,117	58,555	216,080
Finance costs	19	(583,696)	(645,986)	-	-
Profit before tax	20	16,670,246	12,270,266	1,724,321	2,303,648
Income tax expense	22	(5,126,197)	(3,611,720)	(12,496)	(45,484)
Profit for the financial year, representing total comprehensive income for the financial year		11,544,049	8,658,546	1,711,825	2,258,164
Profit attributable to:					
Owners of the Company		11,544,049	8,658,546	1,711,825	2,258,164
Total comprehensive income attributable to:					
Owners of the Company		11,544,049	8,658,546	1,711,825	2,258,164
Earnings per share attributable to owners of the Company (sen)					
- Basic and diluted	23	2.73	2.29		

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	← Attributable to owners of the Company →			Total equity RM
		Share capital RM	Reorganisation reserve RM	Retained earnings RM	
Group					
At 1 January 2025		77,457,540	(40,029,768)	70,920,783	108,348,555
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	11,544,049	11,544,049
Transaction with owners					
Dividends paid on shares	24	-	-	(2,876,437)	(2,876,437)
At 31 December 2025		77,457,540	(40,029,768)	79,588,395	117,016,167
At 1 January 2024					
At 1 January 2024		61,254,988	(40,029,768)	64,690,964	85,916,184
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	8,658,546	8,658,546
Transactions with owners					
Issuance of shares pursuant to:					
- private placement	12	8,220,552	-	-	8,220,552
- exercise of warrants	12	7,982,000	-	-	7,982,000
Dividends paid on shares	24	-	-	(2,428,727)	(2,428,727)
Total transactions with owners		16,202,552	-	(2,428,727)	13,773,825
At 31 December 2024		77,457,540	(40,029,768)	70,920,783	108,348,555

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 CONT'D

	Note	← Attributable to owners of the Company →		
		Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2024		61,254,988	1,895,023	63,150,011
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year		-	2,258,164	2,258,164
Transactions with owners				
Issuance of shares pursuant to:				
- private placement	12	8,220,552	-	8,220,552
- exercise of warrants	12	7,982,000	-	7,982,000
Dividends paid on shares	24	-	(2,428,727)	(2,428,727)
Total transactions with owners		16,202,552	(2,428,727)	13,773,825
At 31 December 2024		77,457,540	1,724,460	79,182,000
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year		-	1,711,825	1,711,825
Transaction with owners				
Dividends paid on shares	24	-	(2,876,437)	(2,876,437)
At 31 December 2025		77,457,540	559,848	78,017,388

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities					
Profit before tax		16,670,246	12,270,266	1,724,321	2,303,648
Adjustments for:					
Depreciation of property, plant and equipment	5	3,411,967	3,059,686	-	-
Gain on disposal of property, plant and equipment	18	(181,658)	(107,000)	-	-
Fair value gain of other investments	18	-	(99,592)	-	-
Fair value loss of other investments	20	131,820	-	-	-
Loss on termination of lease	20	257,105	-	-	-
Impairment loss on investment in a subsidiary	20	-	-	1,226,183	-
Interest income	20	(498,037)	(207,117)	(58,555)	(216,080)
Finance costs	19	583,696	645,986	-	-
Operating profit before changes in working capital		20,375,139	15,562,229	2,891,949	2,087,568
Changes in working capital:					
Trade and other receivables		(30,023,111)	(15,548,727)	(15,521)	15,235
Contract assets		24,371,559	(13,427,008)	-	-
Trade and other payables		26,443,967	18,035,621	21,674	(12,382)
Contract liabilities		292,720	210,235	-	-
Net cash from operations		41,460,274	4,832,350	2,898,102	2,090,421
Income tax paid		(4,364,329)	(3,607,261)	(38,523)	(250,973)
Income tax refund		27,787	-	2,534	-
Interest paid		(153,446)	(315,054)	-	-
Net cash from operating activities		36,970,286	910,035	2,862,113	1,839,448
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(3,464,334)	(2,270,516)	-	-
Proceeds from disposal of property, plant and equipment		704,100	109,500	-	-
Acquisition of a subsidiary, net of cash acquired		-	-	(2)	-
Net changes in amount owing by subsidiaries		-	-	(8,023,874)	(8,301,615)
Change in other investments		(727,264)	98,835	-	-
Change in pledge deposits		1,315,667	(2,262,691)	-	-
Interest received		498,037	207,117	58,555	216,080
Net cash used in investing activities		(1,673,794)	(4,117,755)	(7,965,321)	(8,085,535)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 CONT'D

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from financing activities					
Proceeds from issuance of shares pursuant to:					
- private placement		-	8,220,552	-	8,220,552
- exercise of warrants		-	7,982,000	-	7,982,000
Payments of lease liabilities	(b)	(433,115)	(395,151)	-	-
Repayments of hire purchases	(b)	(797,605)	(512,640)	-	-
Drawdown of term loans	(b)	988,445	-	-	-
Repayments of term loans	(b)	(396,879)	(258,156)	-	-
Repayment of revolving credit	(b)	(1,000,000)	-	-	-
Interest paid		(430,250)	(330,932)	-	-
Dividends paid		(2,876,437)	(2,428,727)	(2,876,437)	(2,428,727)
Net cash (used in)/from financing activities		(4,945,841)	12,276,946	(2,876,437)	13,773,825
Net increase/(decrease) in cash and cash equivalents		30,350,651	9,069,226	(7,979,645)	7,527,738
Cash and cash equivalents at the beginning of the financial year		18,077,730	9,008,504	8,666,429	1,138,691
Cash and cash equivalents at the end of the financial year	(d)	48,428,381	18,077,730	686,784	8,666,429

- (a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Note	← Group →	
		2025 RM	2024 RM
Additions of property, plant and equipment	5	5,566,095	5,767,147
Financed by way of leases arrangements		(411,761)	(2,727,631)
Financed by way of hire purchase arrangements		(1,690,000)	(769,000)
Cash payments on purchase of property, plant and equipment		3,464,334	2,270,516



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 CONT'D

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2025 RM	Drawdown RM	Repayments RM	← Non-Cash →		31.12.2025 RM
				Additions RM	Termination RM	
Group						
Lease liabilities	3,300,732	-	(433,115)	411,761	(750,000)	2,529,378
Hire purchase	1,086,763	-	(797,605)	1,690,000	-	1,979,158
Term loans	1,115,799	988,445	(396,879)	-	-	1,707,365
Revolving credit	1,000,000	-	(1,000,000)	-	-	-
	<u>6,503,294</u>	<u>988,445</u>	<u>(2,627,599)</u>	<u>2,101,761</u>	<u>(750,000)</u>	<u>6,215,901</u>

	1.1.2024 RM	Repayments RM	Non-Cash		31.12.2024 RM
			Additions RM	Termination RM	
Group					
Lease liabilities		968,252	(395,151)	2,727,631	3,300,732
Hire purchase		830,403	(512,640)	769,000	1,086,763
Term loans		1,373,955	(258,156)	-	1,115,799
Revolving credit		1,000,000	-	-	1,000,000
		<u>4,172,610</u>	<u>(1,165,947)</u>	<u>3,496,631</u>	<u>6,503,294</u>

(c) During the financial year, the Group had total cash outflows for leases of RM707,120 (2024: RM534,379).

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Short-term deposits	11	3,455,938	4,771,605	-	-
Less: Pledged deposits		(3,455,938)	(4,771,605)	-	-
		-	-	-	-
Cash and bank balances	11	48,428,381	25,426,198	686,784	8,666,429
Bank overdrafts	15	-	(7,348,468)	-	-
		<u>48,428,381</u>	<u>18,077,730</u>	<u>686,784</u>	<u>8,666,429</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Haily Group Berhad (“the Company”) is a public limited company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 5.11 & 5.12, 5th floor, Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80888 IIBD, Johor. The principal place of business of the Company is located at No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor Darul Takzim.

The holding company of the Company is Haily Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include building construction of residential and non-residential buildings, provision of civil engineering services and infrastructure construction projects, provision of rental of construction machinery and engaging in agricultural activities of managing and harvesting of durians and other fruits.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRS

The Group and the Company have adopted the following applicable amendments to MFRS for the current financial year:

Amendments to MFRS

MFRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

2. BASIS OF PREPARATION CONT'D

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>	Effective for financial periods beginning on or after
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7 Financial Instruments: Disclosures	1 January 2026
MFRS 9 Financial Instruments	1 January 2026
MFRS 10 Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128 Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2. BASIS OF PREPARATION CONT'D

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective CONT'D

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below: CONT'D

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The Amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to:

- investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 clarifies how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.

- When an entity's functional currency is the currency of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.
- When an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and the entity translates the results and financial position of a foreign operation whose functional currency is that of a non- hyperinflationary economy, the entity shall restate the comparative amounts of that foreign operation included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of MFRS 129 Financial Reporting in Hyperinflationary Economies.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

2. BASIS OF PREPARATION CONT'D

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policies information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group. Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION CONT'D

3.3 Financial instruments CONT'D

Financial assets – subsequent measurement and gains and losses CONT'D

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognition in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment other than right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Motor vehicles	5
Plant and machinery	5 - 10
Furniture and fittings	10
Office equipment	5 - 10
Computers	5 - 10

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 15.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION CONT'D

3.5 Leases CONT'D

(a) Lessee accounting CONT'D

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.6 Revenue and other income

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components as the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Construction contracts

The Group is a general construction contractor. It constructs properties under long-term and short-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the works performed is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Billings are made with a credit term of 30 days to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction works performed based on achieving a series of performance-related milestones.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION CONT'D

3.6 Revenue and other income CONT'D

(a) Construction contracts CONT'D

Defects Liability Period is usually 12 months to 30 months from the date of Certificate of Practical Completion as provided in the contracts with customers.

The Group recognises the revenue from Ad-Hoc project with small value at the point of time where the Group transfers the promised goods or services to the customers.

(b) Rendering of services

Revenue from hiring services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Sales of fruits

Revenue from sale of fruits is recognised at a point in time when control of the fruits has been transferred to the customer, generally on the delivery of goods.

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting year. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of trade receivables and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONT'D

(a) Impairment of trade receivables and contract assets CONT'D

The information about the impairment losses on the Group's financial assets and contracts assets are disclosed in Note 25(b)(i).

(b) Construction revenue

The Group recognised construction revenue in profit or loss by using the progress towards completion satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

5. PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Computers RM	Right-of-use assets RM	Total RM
Cost							
At 1 January 2024	9,640,497	1,096,876	663,385	3,624,009	748,272	4,050,957	19,823,996
Additions	1,802,769	47,000	30,490	1,068,689	90,568	2,727,631	5,767,147
Disposals	(481,066)	-	-	-	-	-	(481,066)
Write-off	(218,845)	-	-	-	-	-	(218,845)
Derecognition due to end of lease term	-	-	-	-	-	(1,940,858)	(1,940,858)
At 31 December 2024	10,743,355	1,143,876	693,875	4,692,698	838,840	4,837,730	22,950,374
Additions	2,313,796	155,125	32,290	2,328,870	114,253	621,761	5,566,095
Disposals	(1,423,309)	(18,500)	-	(129,573)	-	-	(1,571,382)
Derecognition due to end of lease term	-	-	-	-	-	(37,523)	(37,523)
Termination of lease	-	-	-	-	-	(2,035,875)	(2,035,875)
At 31 December 2025	11,633,842	1,280,501	726,165	6,891,995	953,093	3,386,093	24,871,689



NOTES TO THE FINANCIAL STATEMENTS CONT'D

5. PROPERTY, PLANT AND EQUIPMENT CONT'D

Group	Note	Motor vehicles	Plant and machinery	Furniture and fittings	Office equipment	Computers	Right-of-use assets	Total
		RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At 1 January 2024		7,715,357	877,867	350,799	1,590,899	310,831	2,156,144	13,001,897
Depreciation charge for the financial year	20	1,198,712	87,800	68,991	695,072	135,846	873,265	3,059,686
Disposals		(478,566)	-	-	-	-	-	(478,566)
Write-off		(218,845)	-	-	-	-	-	(218,845)
Derecognition due to end of lease term		-	-	-	-	-	(1,940,858)	(1,940,858)
At 31 December 2024		8,216,658	965,667	419,790	2,285,971	446,677	1,088,551	13,423,314
Depreciation charge for the financial year	20	1,320,601	89,712	72,220	927,931	143,107	858,396	3,411,967
Disposals		(995,681)	(18,500)	-	(34,759)	-	-	(1,048,940)
Derecognition due to end of lease term		-	-	-	-	-	(37,522)	(37,522)
Termination of lease		-	-	-	-	-	(1,028,771)	(1,028,771)
At 31 December 2025		8,541,578	1,036,879	492,010	3,179,143	589,784	880,654	14,720,048
Carrying amount								
At 31 December 2024		2,526,697	178,209	274,085	2,406,727	392,163	3,749,179	9,527,060
At 31 December 2025		3,092,264	243,622	234,155	3,712,852	363,309	2,505,439	10,151,641

NOTES TO THE FINANCIAL STATEMENTS CONT'D

5. PROPERTY, PLANT AND EQUIPMENT CONT'D

(a) Assets under hire purchase

Net carrying amount of property, plant and equipment of the Group held under hire purchase agreement is as follows:

	2025 RM	2024 RM
Group		
Motor vehicles	2,481,912	1,618,612

(b) Right-of-use-assets

Information about leases for which the Group is lessee is presented below:

	Office buildings RM	Office equipment RM	Shop building RM	Warehouse RM	Contract farming rights RM	Land RM	Total RM
Cost							
At 1 January 2024	1,940,858	51,727	22,497	-	2,035,875	-	4,050,957
Additions	2,369,568	-	-	358,063	-	-	2,727,631
Derecognition due to end of lease term	(1,940,858)	-	-	-	-	-	(1,940,858)
At 31 December 2024	2,369,568	51,727	22,497	358,063	2,035,875	-	4,837,730
Additions	-	32,441	-	-	-	589,320	621,761
Derecognition due to end of lease term	-	(15,026)	(22,497)	-	-	-	(37,523)
Termination of lease	-	-	-	-	(2,035,875)	-	(2,035,875)
At 31 December 2025	2,369,568	69,142	-	358,063	-	589,320	3,386,093
Accumulated depreciation							
At 1 January 2024	1,722,860	18,610	7,499	-	407,175	-	2,156,144
Depreciation	415,465	10,345	11,248	29,032	407,175	-	873,265
Derecognition due to end of lease term	(1,940,858)	-	-	-	-	-	(1,940,858)
At 31 December 2024	197,467	28,955	18,747	29,032	814,350	-	1,088,551
Depreciation	394,928	14,579	3,749	116,129	214,421	114,590	858,396
Derecognition due to end of lease term	-	(15,026)	(22,496)	-	-	-	(37,522)
Termination of lease	-	-	-	-	(1,028,771)	-	(1,028,771)
At 31 December 2025	592,395	28,508	-	145,161	-	114,590	880,654
Carrying amount							
At 31 December 2024	2,172,101	22,772	3,750	329,031	1,221,525	-	3,749,179
At 31 December 2025	1,777,173	40,634	-	212,902	-	474,730	2,505,439

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**5. PROPERTY, PLANT AND EQUIPMENT** CONT'D**(b) Right-of-use-assets** CONT'DLand, buildings and equipment

The Group leases land, buildings and equipments for its office space and operation. The leases are mainly for an initial lease terms of two (2) to five (5) years (2024: two (2) to five (5) years).

Contract farming rights

On 1 January 2023, the Group had entered into two Contract Farming Lease Agreements (“CFLAs”) with the lessors, for the lease of 2 parcels of agriculture lands for a lease period of 5 years commencing from 1 January 2023.

The Group recognises the contract farming rights as right-of-use assets as the lessor granted the lessee the right to control the use of the assets and granted an exclusive right to harvest, operate, and manage the trees planted thereon during the lease period.

The right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

During the financial year, the Group terminated the right-of-use assets prior to their contractual expiry dates and were derecognised accordingly. The resulting loss on termination of lease amounting to RM257,105 was recognised in profit or loss for the financial year.

6. INVESTMENT IN SUBSIDIARIES

		← Company →	
		2025	2024
	Note	RM	RM
At cost			
Unquoted shares			
At beginning of the financial year		70,590,785	41,529,772
Additions	(a)	8,015,978	29,061,013
		78,606,763	70,590,785
Less: Impairment loss	(b)	(1,226,183)	-
At end of the financial year		77,380,580	70,590,785

NOTES TO THE FINANCIAL STATEMENTS CONT'D

6. INVESTMENT IN SUBSIDIARIES CONT'D

Details of the subsidiaries are as follows:

Name of company	Principal place of business/country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
Haily Construction Sdn. Bhd.	Malaysia	100	100	Building construction of residential and non-residential buildings
Haily Development Sdn. Bhd.	Malaysia	100	100	Dormant
Haily Capital Sdn. Bhd.	Malaysia	100	100	Engaged in agricultural activities of managing and harvesting of durians and other fruits
Haily Engineering Sdn. Bhd.	Malaysia	100	-	Provision of civil engineering services and infrastructure construction projects
Subsidiary of Haily Construction Sdn. Bhd.				
Haily Machinery Sdn. Bhd.	Malaysia	100	100	Provision of rental of construction machinery

(a) Additions

(i) During the financial year

Subscription for additional interests in a subsidiary

On 26 February 2025, the Company had subscribed for an additional 178,212 ordinary shares at the price of RM44.98 each in the share capital of a subsidiary, Haily Construction Sdn. Bhd. by way of capitalising the amount owing by Haily Construction Sdn. Bhd. of RM8,015,975.76.

Incorporation of Haily Engineering Sdn. Bhd.

On 06 February 2025, Haily Engineering Sdn. Bhd. was incorporated with an issued share capital of RM2. Haily Engineering Sdn. Bhd. is a wholly-owned subsidiary of the Company.

(ii) In the previous financial year

Subscription for additional interests in subsidiaries

On 29 March 2024, the Company had subscribed for an additional 465,209 ordinary shares at the price of RM41.25 each in the share capital of a subsidiary, Haily Construction Sdn. Bhd. by way of capitalising the amount owing by Haily Construction Sdn. Bhd. of RM19,189,871.25.

On 29 March 2024, the Company had subscribed for an additional 1,756,002 ordinary shares at the price of RM1 each in the share capital of a subsidiary, Haily Capital Sdn. Bhd. by way of capitalising the amount owing by Haily Capital Sdn. Bhd. of RM1,756,002.

On 28 June 2024, the Company had subscribed for an additional 188,812 ordinary shares at the price of RM42.98 each in the share capital of a subsidiary, Haily Construction Sdn. Bhd. by way of capitalising the amount owing by Haily Construction Sdn. Bhd. of RM8,115,139.76.

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**6. INVESTMENT IN SUBSIDIARIES** CONT'D

- (b) During the financial year, an impairment loss of RM1,226,183 (2024: Nil) is provided for in profit or loss under other expenses, for the cost of investment in subsidiaries as the carrying amount of the cost of investment in the subsidiaries are higher than their recoverable amount.

7. OTHER INVESTMENTS

	← Group →	
	2025	2024
	RM	RM
Financial asset designated at FVPL		
At fair value:		
Other investments	4,591,076	3,995,632

The other investments relate to keyman insurance contracts.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	As at 1 January 2025 RM	Recognised in profit or loss RM (Note 22)	As at 31 December 2025 RM
Group			
Deferred tax liabilities:			
Property, plant and equipment	(166,760)	1,666	(165,094)

	As at 1 January 2024 RM	Recognised in profit or loss RM (Note 22)	As at 31 December 2024 RM
Group			
Deferred tax assets:			
Capital allowance	10,055	(10,055)	-
Tax losses	70,502	(70,502)	-
	80,557	(80,557)	-

Deferred tax liabilities:			
Property, plant and equipment	(146,427)	(20,333)	(166,760)

Presented after appropriate offsetting as follows:

Deferred tax assets	80,557	(80,557)	-
Deferred tax liabilities	(146,427)	(20,333)	(166,760)
	(65,870)	(100,890)	(166,760)

NOTES TO THE FINANCIAL STATEMENTS CONT'D

8. DEFERRED TAX ASSETS/(LIABILITIES) CONT'D

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	← Group →	
	2025 RM	2024 RM
Unused tax losses	1,070,073	152,562
Deductible temporary difference	12,855	21,462
	1,082,928	174,024

The availability of unused tax losses for offsetting against future taxable profits of the Group is subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	← Group →	
	2025 RM	2024 RM
2034	152,562	152,562
2035	917,511	-
	1,070,073	152,562

9. TRADE AND OTHER RECEIVABLES

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade receivables		71,559,967	63,942,802	-	-
Retention sums		65,927,997	42,732,698	-	-
	(a)	137,487,964	106,675,500	-	-
Non-trade					
Other receivables		170,694	117,502	-	-
Deposits		1,005,600	1,070,615	1,000	1,000
Prepayments		967,240	1,744,770	15,521	-
Amounts owing by a subsidiary	(b)	-	-	27,586	19,688
		2,143,534	2,932,887	44,107	20,688
Total trade and other receivables		139,631,498	109,608,387	44,107	20,688

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**9. TRADE AND OTHER RECEIVABLES** CONT'D**(a) Trade receivables**

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 days to 90 days (2024: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

The retention sum which is receivable upon the expiry of defect liability period as provided in the contracts with customers.

(b) Amounts owing by a subsidiary

Amounts owing by a subsidiary is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

The information about the credit exposures are disclosed in Note 25(b)(i).

10. CONTRACT ASSETS/(LIABILITIES)

	← Group →	
	2025 RM	2024 RM
Contract assets relating to construction service contracts	54,720,205	79,091,764
Contract liabilities relating to construction service contracts	(517,401)	(224,681)

(a) Contract assets

The contract assets represent the Group's rights to consideration for the work performed for the construction contracts but yet to be billed. Contract assets are transferred to receivables when the Group issues progress billings to the customers. Typically, the amount will be billed within 90 days and payments is expected within 90 days.

(b) Contract liabilities

The contract liabilities represent progress billings and deposits received for construction contracts for which performance obligations have not been satisfied. The contract liabilities are expected to be recognised as revenue over a period of 60 days.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

10. CONTRACT ASSETS/(LIABILITIES) CONT'D

(c) Significant changes in contract balances

	← 2025 →		← 2024 →	
	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM
Group				
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	224,681	-	14,446
Increases due to consideration received/receivable from customers, but revenue not recognised	-	(517,401)	-	(224,681)
Increases due to revenue recognised for unbilled goods or services transferred to customers	54,720,205	-	79,091,764	-
Transfers from contract assets recognised at the beginning of the financial year to receivables	<u>(79,091,764)</u>	-	<u>(65,664,756)</u>	-

(d) Revenue recognised in relation to contract balances

	← Group →	
	2025 RM	2024 RM
Revenue recognised that was included in contract liabilities at the beginning of the financial year	<u>224,681</u>	<u>14,446</u>

Revenue recognised that was included in the contract liabilities balances at the beginning of the financial year represented primarily revenue from construction contracts when percentage of completion increases.

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**11. CASH AND SHORT-TERM DEPOSITS**

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	48,428,381	25,426,198	686,784	8,666,429
Short-term deposits	3,455,938	4,771,605	-	-
	<u>51,884,319</u>	<u>30,197,803</u>	<u>686,784</u>	<u>8,666,429</u>

The interest rates of the short-term deposits placed with licensed banks as at reporting date range from 1.75% to 2.45% (2024: 2.25% to 2.50%) per annum. The short-term deposits have a maturity period ranging from 1 month to 12 months (2024: 1 month to 12 months).

Included in the short-term deposits placed with licensed banks of the Group, RM3,455,938 (2024: RM4,771,605) is pledged for banking facilities granted to the Group as disclosed in Note 15.

12. SHARE CAPITAL

	Note	← Group →		← Company →	
		2025 Unit	2024 Unit	2025 RM	2024 RM
Issued and fully paid-up (no par value):					
At beginning of the financial year		423,005,400	178,320,700	77,457,540	61,254,988
Issuance of shares pursuant to:					
- private placement	(a)	-	17,832,000	-	8,220,552
- bonus issue	(b)	-	196,152,700	-	-
- exercise of warrants	(c)	-	30,700,000	-	7,982,000
At the end of the financial year		<u>423,005,400</u>	<u>423,005,400</u>	<u>77,457,540</u>	<u>77,457,540</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In the previous financial year, the Company:

- issued 17,832,000 new ordinary shares pursuant to the private placement at an issue price of RM0.4610 per ordinary share for working capital purposes;
- issued 196,152,700 new ordinary shares pursuant to the bonus issue undertaken by the Company on the basis of 1 bonus share for every 1 existing ordinary share held by the shareholders of the Company; and
- issued 30,700,000 new ordinary shares arising from the exercise of 30,700,000 Warrants A at the exercise price of RM0.26 per warrant in accordance with the Deed Poll dated 19 September 2024.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

13. WARRANTS

On 19 September 2024, the Company executed a deed poll pertaining to the creation and issuance of 196,152,700 of free warrants ("Warrants A").

The Company issued 196,152,700 Warrants A to the shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The Warrants A are quoted on the Ace Market of Bursa Malaysia Securities Berhad on 11 October 2024.

The movement in the Group's and the Company's number of Warrants A during the financial year are as follows:

	Number of Warrants A	
	2025	2024
	Unit	Unit
Number of unexercised Warrants A		
At beginning of the financial year	165,452,700	-
Issued during the financial year	-	196,152,700
Exercised during the financial year	-	(30,700,000)
At end of the financial year	<u>165,452,700</u>	<u>165,452,700</u>

The details and salient terms of Warrants A are as follows:

- (i) Each warrant shall entitle the registered holder of the warrants to subscribe for one (1) new share at any time during the exercise period at the exercise price of RM0.26, subject to adjustments in accordance with the provisions of the Deed Poll;
- (ii) The close of business on the warrants is three (3) years from and including the date of issue of the warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day;
- (iii) The warrants may be exercised at any time during the tenure of the warrants of three (3) years commencing on and including the date of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;
- (iv) The new shares to be issued arising from the exercise of the warrants will, upon allotment and issuance, rank pari passu in all respects with the existing shares, save and except that the new shares to be issued arising from the exercise of the warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared for which the entitlement date for the said distribution precedes the date of allotment and issuance of the new shares arising from the exercise of the warrants;
- (v) The holders of the warrants are not entitled to any voting right or to participate in any dividends, rights, allotments and/ or other forms of distribution and/or offer of further securities in the Company other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll governing the warrants until and unless such holders of the warrants exercise their warrants into new shares; and
- (vi) The Exercise Price and/or number of warrants may from time to time be adjusted by the Board in consultation with an adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**14. REORGANISATION RESERVE**

The reorganisation reserve arose from the differences between the carrying value of the investment and the nominal value of the shares of the subsidiary upon consolidation under the merger accounting principles.

15. BORROWINGS

	Note	← Group →	
		2025 RM	2024 RM
Non-current:			
Lease liabilities	(a)	1,836,524	2,104,312
Hire purchase payables	(b)	1,203,104	565,287
Term loans	(c)	1,207,167	839,131
		4,246,795	3,508,730
Current:			
Lease liabilities	(a)	692,854	1,196,420
Hire purchase payables	(b)	776,054	521,476
Term loans	(c)	500,198	276,668
Revolving credit	(d)	-	1,000,000
Bank overdrafts	(e)	-	7,348,468
		1,969,106	10,343,032
Total borrowings:			
Lease liabilities	(a)	2,529,378	3,300,732
Hire purchase payables	(b)	1,979,158	1,086,763
Term loans	(c)	1,707,365	1,115,799
Revolving credit	(d)	-	1,000,000
Bank overdrafts	(e)	-	7,348,468
		6,215,901	13,851,762

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	← Group →	
	2025 RM	2024 RM
Minimum lease payments:		
- Not later than one year	839,280	1,375,450
- Later than one year and not later than five years	2,029,060	2,413,780
	2,868,340	3,789,230
Less: Future finance charges	(338,962)	(488,498)
Present value of minimum lease payments	2,529,378	3,300,732

NOTES TO THE FINANCIAL STATEMENTS CONT'D

15. BORROWINGS CONT'D

(a) Lease liabilities CONT'D

Future minimum lease payments together with the present value of net minimum lease payments are as follows: CONT'D

	← Group →	
	2025	2024
	RM	RM
Present value of minimum lease payments:		
- Not later than one year	692,854	1,196,420
- Later than one year and not later than five years	1,836,524	2,104,312
	2,529,378	3,300,732
Less: Amount due within twelve months	(692,854)	(1,196,420)
Amount due after twelve months	1,836,524	2,104,312

(b) Hire purchase payables

Hire purchase payables of the Group of RM1,979,158 (2024: RM1,086,763) bears interest ranging from 1.98% to 3.68% (2024: 1.98% to 3.68%) per annum and are secured by the Group's motor vehicles under hire purchase agreements as disclosed in Note 5 (a).

(c) Term loans

Term loan 1 of the Group of RM837,978 (2024: RM1,115,799) bears interest rate at 6.85% (2024: 6.85%) per annum and is repayable by monthly installments of RM28,709 over 5 years commencing from the day of first drawdown and is secured and supported by corporate guarantee of the Company.

Term loan 2 of the Group of RM424,792 (2024: RM Nil) bears interest rate ranging from 6.60% to 6.85% (2024: Nil) per annum and is repayable by monthly installments of RM9,865 over 5 years commencing from the day of first drawdown and is secured and supported by corporate guarantee of the Company.

Term loan 3 of the Group of RM444,595 (2024: RM Nil) bears interest rate ranging from 6.64% to 6.89% (2024: Nil) per annum and is repayable by monthly installments of RM11,555 commencing from the day of first drawdown and is secured and supported by corporate guarantee of the Company.

(d) Revolving credit

The revolving credit of the Group are secured by way of:

- (i) Corporate guarantee by the Company
- (ii) Guarantee by the other investments as disclosed in Note 7

(e) Bank overdrafts

In the previous financial year, bank overdrafts bear interest rate ranging from 0.25% to 1% per annum over the Islamic Financing Rate and is secured and supported as follows:

- (i) Corporate guarantee by the Company
- (ii) Guarantee by the other investments as disclosed in Note 7

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**16. TRADE AND OTHER PAYABLES**

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade payables	(a)	96,655,258	80,085,443	-	-
Retention sums	(a)	28,867,411	23,551,652	-	-
Trade accruals		2,293,404	1,495,562	-	-
		<u>127,816,073</u>	<u>105,132,657</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables		4,844,291	1,003,149	11,484	140
Accruals		2,520,348	2,600,939	90,759	80,429
		<u>7,364,639</u>	<u>3,604,088</u>	<u>102,243</u>	<u>80,569</u>
Total trade and other payables		<u>135,180,712</u>	<u>108,736,745</u>	<u>102,243</u>	<u>80,569</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 days to 90 days (2024: 30 days to 90 days) terms. The retention sum which is payable upon expiry of defect liability period or issuance of certificate making defects is expected to be settled.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii).

17. REVENUE

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contract customers:				
Over time:				
Construction contracts	430,971,660	319,147,686	-	-
At a point in time:				
Sales of fruits	122,642	1,415,655	-	-
Revenue from other source:				
At a point in time:				
Construction contracts	131,458	281,737	-	-
Dividend income	-	-	3,498,350	3,096,320
	<u>431,225,760</u>	<u>320,845,078</u>	<u>3,498,350</u>	<u>3,096,320</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

17. REVENUE CONT'D

(a) Transaction price allocated to the remaining performance obligations

As of 31 December 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations for construction contracts is RM605,788,539 and the entity will recognise this revenue as the construction work is completed, which is expected to occur over the next 12 to 48 months.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

18. OTHER INCOME

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Gain on disposal of property, plant and equipment	181,658	107,000	-	-
Fair value gain of other investments	-	99,592	-	-
Miscellaneous	607,185	481,667	-	-
	<u>788,843</u>	<u>688,259</u>	<u>-</u>	<u>-</u>

19. FINANCE COSTS

	← Group →	
	2025 RM	2024 RM
Interest expense on:		
- Lease liabilities	196,655	136,228
- Hire purchase	80,823	43,854
- Term loans	104,585	86,352
- Revolving credit	48,187	64,498
- Bank overdrafts	108,457	268,368
- Short-term loans	44,989	46,686
	<u>583,696</u>	<u>645,986</u>

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**20. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charge/(credited) in arriving at profit before tax:

	Note	← Group →		← Company →	
		2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration					
- Baker Tilly Monteiro Heng PLT		151,100	142,600	60,000	56,500
Other services					
- Baker Tilly Monteiro Heng PLT		3,000	3,000	3,000	3,000
- Member firms of Baker Tilly International		29,800	26,900	2,000	2,000
Depreciation of property, plant and equipment	5	3,411,967	3,059,686	-	-
Finance income		(498,037)	(207,117)	(58,555)	(216,080)
Fair value loss of other investments		131,820	-	-	-
Loss on termination of lease		257,105	-	-	-
Impairment loss on investment in a subsidiary		-	-	1,226,183	-
Employee benefits expense	21	26,054,128	20,646,497	252,660	269,010
Expenses relating to short-term and low value lease:					
- Site copier		4,200	3,000	-	-
- Site hostel		20,000	-	-	-
- Office		3,150	-	-	-
- Contract farming rights		50,000	-	-	-

21. EMPLOYEE BENEFITS EXPENSE

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, allowances and bonuses	24,056,563	18,803,637	252,660	240,660
Defined contribution plan	1,583,695	1,417,007	-	-
Other staff related expenses	413,870	425,853	-	28,350
	26,054,128	20,646,497	252,660	269,010

NOTES TO THE FINANCIAL STATEMENTS CONT'D

21. EMPLOYEE BENEFITS EXPENSE CONT'D

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Included in employee benefits are:				
- Directors' fees	252,660	240,660	252,660	240,660
- Directors' remuneration	2,441,000	2,441,000	-	-
- Directors' defined contribution plan	292,920	292,920	-	-
- Directors' other emoluments and benefits in kind	76,879	67,699	-	-
	<u>3,063,459</u>	<u>3,042,279</u>	<u>252,660</u>	<u>240,660</u>

22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	5,030,863	3,527,331	12,640	46,267
- Adjustment in respect of prior years	97,000	(16,501)	(144)	(783)
	<u>5,127,863</u>	<u>3,510,830</u>	<u>12,496</u>	<u>45,484</u>
Deferred tax: (Note 8)				
- (Reversal)/Origination of temporary differences	(5,739)	89,527	-	-
- Adjustment in respect of prior years	4,073	11,363	-	-
	<u>(1,666)</u>	<u>100,890</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>5,126,197</u>	<u>3,611,720</u>	<u>12,496</u>	<u>45,484</u>

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

22. INCOME TAX EXPENSE CONT'D

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	← Group →		← Company →	
	2025	2024	2025	2024
	RM	RM	RM	RM
Profit before tax	16,670,246	12,270,266	1,724,321	2,303,648
Tax at Malaysian statutory income tax rate of 24% (2024: 24%)	4,000,859	2,944,864	413,837	552,876
Adjustments:				
- Income not subject to tax	(8,404)	(28,942)	(839,604)	(743,117)
- Non-deductible expenses	814,532	676,317	438,407	236,508
- Deferred tax not recognised on tax losses and temporary differences	218,137	24,619	-	-
- Adjustment in respect of income tax of prior year	97,000	(16,501)	(144)	(783)
- Adjustment in respect of deferred tax of prior year	4,073	11,363	-	-
Income tax expense	5,126,197	3,611,720	12,496	45,484

23. EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per ordinary share are based on the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23. EARNINGS PER SHARE CONT'D

The basic and diluted earnings per ordinary shares are computed as follow:

	2025	2024
Profit attributable to ordinary equity holders of the Company (RM)	<u>11,544,049</u>	<u>8,658,546</u>
Weighted average number of ordinary shares for basic and diluted earnings per share (unit)	<u>423,005,400</u>	<u>378,754,821</u>
Basic and diluted earnings per share attributable to ordinary equity holders of the Company (sen)	<u>2.73</u>	<u>2.29</u>

Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price during the financial year does not exceed the exercise price of the warrants.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

24. DIVIDENDS

	← Company →	
	2025	2024
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Second interim single-tier dividend for the financial year ended 31 December 2024: RM0.0033 per ordinary share, paid on 16 May 2025	1,395,918	-
- First interim single-tier dividend for the financial year ended 31 December 2025: RM0.0035 per ordinary share, paid on 17 October 2025	1,480,519	-
- Second interim single-tier dividend for the financial year ended 31 December 2023: RM0.0068 per ordinary share, paid on 21 May 2024	-	1,212,581
- First interim single-tier dividend for the financial year ended 31 December 2024: RM0.0031 per ordinary share, paid on 11 October 2024	-	1,216,146
	<u>2,876,437</u>	<u>2,428,727</u>

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**25. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2025			
Financial assets			
Group			
Other investments	4,591,076	-	4,591,076
Trade and other receivables, less prepayments	138,664,258	138,664,258	-
Cash and short-term deposits	51,884,319	51,884,319	-
	<u>195,139,653</u>	<u>190,548,577</u>	<u>4,591,076</u>
Company			
Trade and other receivables, less prepayments	28,586	28,586	-
Cash and short-term deposits	686,784	686,784	-
	<u>715,370</u>	<u>715,370</u>	<u>-</u>
Financial liabilities			
Group			
Borrowings excluded lease liabilities	(3,686,523)	(3,686,523)	-
Trade and other payables	(135,180,712)	(135,180,712)	-
	<u>(138,867,235)</u>	<u>(138,867,235)</u>	<u>-</u>
Company			
Trade and other payables	(102,243)	(102,243)	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(a) Categories of financial instruments CONT'D

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: CONT'D

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2024			
Financial assets			
Group			
Other investments	3,995,632	-	3,995,632
Trade and other receivables, less prepayments	107,863,617	107,863,617	-
Cash and short-term deposits	30,197,803	30,197,803	-
	<u>142,057,052</u>	<u>138,061,420</u>	<u>3,995,632</u>
Company			
Trade and other receivables, less prepayments	20,688	20,688	-
Cash and short-term deposits	8,666,429	8,666,429	-
	<u>8,687,117</u>	<u>8,687,117</u>	<u>-</u>
Financial liabilities			
Group			
Borrowings excluded lease liabilities	(10,551,030)	(10,551,030)	-
Trade and other payables	(108,736,745)	(108,736,745)	-
	<u>(119,287,775)</u>	<u>(119,287,775)</u>	<u>-</u>
Company			
Trade and other payables	(80,569)	(80,569)	-



NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Company's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on their obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management CONT'D

(i) Credit risk CONT'D

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of seven (7) (2024: ten (10)) trade receivables, representing approximately 96.9% (2024: 98.5%) of the Group's total trade receivables.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The Group and the Company use a provision matrix to measure expected credit losses for trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management CONT'D

(i) Credit risk CONT'D

Trade receivables and contract assets CONT'D

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

Group	Contract assets RM	Retention sums RM	Trade receivables					Total RM	
			Current RM	1 to 30 days past due RM	31 to 60 days past due RM	61 to 90 days past due RM	91 to 120 days past due RM		> 120 days past due RM
At 31 December 2025									
Gross carrying amount	54,720,205	65,927,997	49,848,742	20,373,797	-	1,238	-	1,336,190	71,559,967
Impairment losses	-	-	-	-	-	-	-	-	-
Net balance	54,720,205	65,927,997	49,848,742	20,373,797	-	1,238	-	1,336,190	71,559,967
At 31 December 2024									
Gross carrying amount	79,091,764	42,732,698	43,844,825	13,109,121	2,758,423	6,359	2,824,218	1,399,856	63,942,802
Impairment losses	-	-	-	-	-	-	-	-	-
Net balance	79,091,764	42,732,698	43,844,825	13,109,121	2,758,423	6,359	2,824,218	1,399,856	63,942,802

NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management CONT'D

(i) Credit risk CONT'D

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial asset is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Intercompany loans between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantees contract

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and its repayment on an on-going basis. The maximum exposure to credit risks amounts to RM1,707,365 (2024: RM9,464,267) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 25(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to a subsidiary secured borrowings.



NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management CONT'D

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investments and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

25. FINANCIAL INSTRUMENTS CONT'D

(b) Financial risk management CONT'D

(ii) Liquidity risk CONT'D

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturities at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM		
Group					
At 31 December 2025					
Trade and other payables	135,180,712	135,180,712	-		135,180,712
Lease liabilities	2,529,378	839,280	2,029,060		2,868,340
Hire purchase payables	1,979,158	849,906	1,269,475		2,119,381
Term loans	1,707,365	598,068	1,314,577		1,912,645
	141,396,613	137,467,966	4,613,112		142,081,078
At 31 December 2024					
Trade and other payables	108,736,745	108,736,745	-		108,736,745
Lease liabilities	3,300,732	1,375,450	2,413,780		3,789,230
Hire purchase payables	1,086,763	562,118	586,521		1,148,639
Term loan	1,115,799	344,508	918,696		1,263,204
Revolving credit	1,000,000	1,000,000	-		1,000,000
Bank overdraft	7,348,468	7,348,468	-		7,348,468
	122,588,507	119,367,289	3,918,997		123,286,286
Company					
At 31 December 2025					
Trade and other payables	102,243	102,243	-		102,243
Financial guarantee	-	1,707,365	-		1,707,365
At 31 December 2024					
Trade and other payables	80,569	80,569	-		80,569
Financial guarantee	-	9,464,267	-		9,464,267

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**25. FINANCIAL INSTRUMENTS** CONT'D**(b) Financial risk management** CONT'D**(iii) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Sensitivity analysis of interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year.

	Carrying amount RM	Change in basis points	Effect on equity and profit for the financial year RM
Group			
31 December 2025			
Term Loans	1,707,365	+50	(6,488)
		-50	6,488
31 December 2024			
Term Loan	1,115,799	+50	(4,240)
		-50	4,240

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2024: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM	Fair value of financial instruments carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
31 December 2025					
Financial asset					
Non-current					
Other investments	4,591,076	4,591,076	-	-	4,591,076

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**26. RELATED PARTIES** CONT'D**(a) Identity of related parties** CONT'D

Related parties of the Group and the Company include:

- (i) Company's holding company;
- (ii) Subsidiaries; and
- (iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related parties transactions

Significant related parties transactions other than disclosed elsewhere in the financial statements are as follows:

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Rental paid				
- Company's holding company	480,000	480,000	-	-
Dividend income				
- Subsidiary	-	-	3,498,350	3,096,320
Interest income				
- Subsidiary	-	-	33,990	178,729

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 9.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 25(b)(i).

(c) Compensation of key management personnel

	← Group →		← Company →	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, allowances and bonuses	3,262,160	3,209,160	252,660	240,660
Defined contribution plans	361,189	356,220	-	-
Other staff related expenses	9,076	7,646	-	-
Benefits in kind	76,611	67,787	-	-
	<u>3,709,036</u>	<u>3,640,813</u>	<u>252,660</u>	<u>240,660</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

27. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Product and services
Building construction	Building construction of residential and non-residential buildings
Others	Civil engineering construction works, rental of construction machinery and equipment, agricultural activities of managing and harvesting of durian and other fruits and civil engineering services and infrastructure construction projects.

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group's CEO believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group's CEO.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's CEO, hence no disclosures are made on segment liabilities.

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**27. SEGMENT INFORMATION** CONT'D

	Building construction RM	Others RM	Adjustment and eliminations RM	Total RM
2025				
Revenue:				
Revenue from external customers	430,284,112	941,648	-	431,225,760
Inter-segment revenue	-	11,737,280	(11,737,280)	-
	<u>430,284,112</u>	<u>12,678,928</u>	<u>(11,737,280)</u>	<u>431,225,760</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Gain on disposal of property, plant and equipment	186,266	48,515	(53,123)	181,658
Interest income	443,448	54,589	-	498,037
Fair value loss of other investment	(131,820)	-	-	(131,820)
Depreciation of property, plant and equipment	(3,046,157)	(395,960)	30,150	(3,411,967)
Employee benefits expense	(24,276,542)	(1,777,586)	-	(26,054,128)
Interest expenses	(591,244)	(26,442)	33,990	(583,696)
Expenses relating to short-term and low value leases	(77,350)	-	-	(77,350)
Loss on termination of lease	257,105	-	-	257,105
Segment profit	<u>17,540,781</u>	<u>1,453,664</u>	<u>(2,324,199)</u>	<u>16,670,246</u>
Income tax expenses	(4,958,175)	(168,022)	-	(5,126,197)
Profit for the financial year	<u>12,582,606</u>	<u>1,285,642</u>	<u>(2,324,199)</u>	<u>11,544,049</u>
Assets:				
Additions to non-current assets	5,605,214	112,881	(152,000)	5,566,095
Segment assets	<u>258,778,908</u>	<u>82,900,578</u>	<u>(80,692,587)</u>	<u>260,986,899</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

27. SEGMENT INFORMATION CONT'D

	Building construction RM	Others RM	Adjustment and eliminations RM	Total RM
2024				
Revenue:				
Revenue from external customers	315,983,562	4,861,516	-	320,845,078
Inter-segment revenue	-	6,336,392	(6,336,392)	-
	<u>315,983,562</u>	<u>11,197,908</u>	<u>(6,336,392)</u>	<u>320,845,078</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Gain on disposal of property, plant and equipment	97,750	-	9,250	107,000
Interest income	160,292	46,825	-	207,117
Fair value gain of other investments	99,592	-	-	99,592
Depreciation of property, plant and equipment	(2,466,216)	(599,020)	5,550	(3,059,686)
Employee benefits expense	(18,913,565)	(1,732,932)	-	(20,646,497)
Interest expenses	(770,044)	(69,134)	193,192	(645,986)
Expenses relating to short-term and low value leases	(3,000)	-	-	(3,000)
Segment profit	<u>14,108,777</u>	<u>3,043,009</u>	<u>(4,881,520)</u>	<u>12,270,266</u>
Income tax expenses	(3,313,291)	(298,429)	-	(3,611,720)
Profit for the financial year	<u>10,795,486</u>	<u>2,744,580</u>	<u>(4,881,520)</u>	<u>8,658,546</u>
Assets:				
Additions to non-current assets	5,761,947	5,200	-	5,767,147
Segment assets	<u>221,331,256</u>	<u>84,078,902</u>	<u>(72,986,978)</u>	<u>232,423,180</u>

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

- (a) Inter-segment revenues are eliminated on consolidation;
- (b) Inter-segment income and expenses are eliminated on consolidation; and
- (c) Inter-segment balances are eliminated on consolidation

**NOTES TO THE FINANCIAL STATEMENTS** CONT'D**27. SEGMENT INFORMATION** CONT'DGeographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

Information about major customers

For construction segment, the revenue from the major customers was as follows:

	← Group →	
	2025	2024
	RM	RM
Customer I	95,850,888	82,208,103
Customer II	70,822,875	74,748,638
Customer III	70,396,925	38,194,702
Customer IV	56,899,327	33,429,419
Customer V	45,469,417	22,171,609
	339,439,432	250,752,471

28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2025 and 31 December 2024.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity.

The gearing ratio as at 31 December 2025 and 31 December 2024 are as follows:

		← Group →	
	Note	2025	2024
		RM	RM
Borrowings/Total debts	15	6,215,901	13,851,762
Total equity		117,016,167	108,348,555
Gearing ratio (times)		0.05	0.13

There were no changes in the Group's and the Company's approach to capital management during the financial year under review.

The Group is required to comply with externally imposed capital requirements on leverage ratio in respect of its bank borrowings. The Group has complied with those capital requirements.

STATEMENT BY DIRECTORS (PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

HAILY GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **SEE TIN HAI** and **YOONG WOEI YEH**, being two of the directors of Haily Group Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
SEE TIN HAI
Director

.....
YOONG WOEI YEH
Director

Date: 31 March 2026



STATUTORY DECLARATION (PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

HAILY GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

I, **YAP YOONG FAH**, being the officer primarily responsible for the financial management of Haily Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
YAP YOONG FAH
(MIA Membership No: 13052)

Subscribed and solemnly declared by the abovenamed at Johor Bahru in the state of Johor on 31 March 2026.

Before me,

.....
Commissioner for Oaths

LAU LAY SUNG
No. J246
Johor Bahru

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAILY GROUP BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Haily Group Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 106 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAILY GROUP BERHAD (INCORPORATED IN MALAYSIA) CONT'D

Key Audit Matters CONT'D

Group

Trade receivables and contract assets (Notes 4(a), 9 and 10 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2025. We focus on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;
- understanding of significant credit exposures through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with past due balances; and
- testing the reasonableness of expected credit losses provided as at the end of the reporting period.

Revenue recognition for construction activities (Notes 4(b) and 17 to the financial statements)

The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction cost incurred for works performed to date bear to the estimated total costs for each project (input method).

We focus on this area because significant Group's judgement is required, in particular with regards to determining the progress towards complete satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of performance obligation;
- comparing Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with management; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAILY GROUP BERHAD (INCORPORATED IN MALAYSIA) CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAILY GROUP BERHAD (INCORPORATED IN MALAYSIA) CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements CONT'D

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kuala Lumpur

Date: 31 March 2026

Ng Boon Hiang
No. 02916/03/2028 J
Chartered Accountant

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE EXERCISE

There were no proceeds raised from any corporate exercise during the financial year.

2. AUDIT AND NON-AUDIT FEES

The fees payable to BTMH in relation to the audit and non-audit services rendered to the Company and the Group for the FYE 2025 were as follows:

	Company RM	Group RM
Audit fees	60,000	151,100
Non-audit fees	5,000	32,800
Total	65,000	183,900

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

Save as disclosed in the audited financial statements for the FYE 2025, there were no material contracts (not being contracts entered into in the ordinary course of business) either subsisting as at the financial year end or entered into since the end of the previous financial year by the Company and its subsidiaries involving the interest of the directors, chief executive and major shareholders.

4. EMPLOYEE SHARE SCHEME

The Company did not have any Employees Share Scheme during the FYE 2025.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The RRPT entered into by the Group during the financial year under review is disclosed in Note 26 to the financial statements included in this Annual Report.

During the FYE 2025, the RRPT value transacted during the financial year under review did not exceed the threshold limit and therefore, no announcement or shareholders mandate was required for the RRPT.

The RRPT entered into was at arm's length basis, on terms not more favourable to the related party than those generally available to the public and was not to the detriment of the minority shareholders of the Company.

6. PROPERTIES OWNED BY THE GROUP

There were no real properties owned by the Group during the FYE 2025.

**ADDITIONAL COMPLIANCE INFORMATION** CONT'D**7. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING**

Pursuant to the Rule 9.25A of the ACE Market Listing Requirements, the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia are set out below. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Income			
Revenue		431,225,760	320,845,078
Other income		788,843	688,259
Finance Income		498,037	207,117
Total		432,512,640	321,740,454
Total Assets		260,986,899	232,432,180

(b) Business Activities

Shariah Non-compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Not Application		-	-
Total		-	-

(c) Component of Financial Position**(i) Cash Component**

Islamic Account / Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash at Bank		14,662,465	15,216,486
Short-term deposits		3,217,380	4,538,181
Total Cash		17,879,845	19,754,667

Conventional Account / Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash at Bank		33,689,914	10,129,710
Short-term deposits		238,558	233,424
Other cash equivalents (please specify in the remark column)	Petty cash	76,002	80,002
Total Cash		34,004,474	10,443,136

ADDITIONAL COMPLIANCE INFORMATION CONT'D

7. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING CONT'D

(c) Component of Financial Position CONT'D

(ii) Debt Component		Group	
Islamic Financing	Remarks	2025 (RM)	2024 (RM)
Current			
Bank overdrafts		-	3,372,883
Revolving credit		-	1,000,000
Term loans		202,073	-
Non-Current			
Term loans		667,315	-
Total Financing		869,388	4,372,883

Conventional Borrowings		Group	
Conventional Borrowings	Remarks	2025 (RM)	2024 (RM)
Current			
Bank overdrafts		-	3,975,585
Hire purchase payables		776,054	521,476
Term loans		298,125	276,668
Other interest bearing debt (please specify in the remark column)	Lease Liabilities	692,854	1,196,420
Non-Current			
Hire purchase payables		1,203,104	565,287
Term loans		539,852	839,131
Other interest bearing debt (please specify in the remark column)	Lease Liabilities	1,836,524	2,104,312
Total Debts		5,346,513	9,478,879



ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2026

SHARE CAPITAL

The total number of issued shares of the Company stands at 423,005,400 ordinary shares, with voting right of one vote per ordinary share.

DISTRIBUTION OF SHAREHOLDERS

No. of shareholders	Size of shareholdings	No. of shares held	%
8	Less than 100 shares	260	0.00
163	100 to 1,000 shares	70,240	0.02
614	1,001 to 10,000 shares	3,688,700	0.87
758	10,001 to 100,000 shares	27,247,800	6.44
201	100,001 to less than 5% of issued shares	120,857,000	28.57
2	5% and above of issued shares	271,141,400	64.10
1,746	TOTAL	423,005,400	100.00

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares held	%
1	HAILY HOLDINGS SDN BHD	200,641,400	47.43
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAILY HOLDINGS SDN BHD	70,500,000	16.67
3	WONG CHEE SEAN @ WONG SEAN	10,550,000	2.49
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH SOO WEE	6,506,000	1.54
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR J AND T RESOURCES SDN BHD	5,000,000	1.18
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO PING	4,657,000	1.10
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR J AND T RESOURCES SDN BHD	4,000,000	0.95
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO PING	3,500,000	0.83
9	NG KIM LENG	2,700,000	0.64
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SING HUAT	2,380,000	0.56
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	2,200,000	0.52
12	KHO YIK	2,116,000	0.50
13	BONG PEI SIONG	2,000,000	0.47
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CECILIA SIM SHEN SHEN	2,000,000	0.47
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YORK MING (7006972)	1,900,000	0.45
16	WONG SIEW POH	1,832,900	0.43
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHO PING	1,673,000	0.40

ANALYSIS OF SHAREHOLDINGS CONT'D

AS AT 24 MARCH 2026

LIST OF 30 LARGEST SHAREHOLDERS CONT'D

No.	Name of shareholders	No. of shares held	%
18	YON MARKETING SDN BHD	1,639,900	0.39
19	YONG FONG KIEN	1,638,600	0.39
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEO TIEN DING	1,632,600	0.39
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHO MUI LEE @ KHO MEI LEE	1,630,000	0.39
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YIP WAI MUN (E-PPG)	1,589,000	0.38
23	KHO PING	1,435,000	0.34
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR DOH JEE MING	1,359,200	0.32
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LOH CHUN SEAN	1,351,900	0.32
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEH SEH BEE (E-KPG)	1,305,100	0.31
27	LIM TECK LOONG	1,203,300	0.28
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR WONG CHEE HAO (E-JBU)	1,171,000	0.28
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YONG YAW CHOONG	1,100,000	0.26
30	LIOW JING HONG	1,055,000	0.25

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

No.	Name of Shareholders	No. of shares held			
		Direct Interest	%	Deemed Interest	%
1	HAILY HOLDINGS SDN BHD	271,141,400	64.10	-	-
2	SEE TIN HAI	-	-	271,381,400 ^{(a)(b)}	64.16
3	KIK SIEW LEE	-	-	271,141,400 ^(a)	64.10

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

No.	Name of Directors	No. of shares held			
		Direct Interest	%	Deemed Interest	%
1	HAJI MOHD JAFFAR BIN AWANG (ISMAIL)	200,000	0.05	-	-
2	SEE TIN HAI	-	-	271,381,400 ^{(a)(b)}	64.16
3	YOONG WOEI YEH	1,000,000	0.24	-	-
4	SEE SWEE LING	1,000,000	0.24	-	-
5	SEE CUL WEI	-	-	-	-
6	ONG KHENG SWEE	200,000	0.05	-	-
7	TAN SUI HUAT	200,000	0.05	-	-
8	POH BOON HUWI	-	-	-	-

Notes:

(a) Deemed interest by virtue of his/her interest in Haily Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.

(b) Deemed interest by virtue of his daughters, See Yee Wei's and See Yee Han's interests in Haily pursuant to Section 59(11)(c) of the Act.



ANALYSIS OF WARRANT HOLDINGS

AS AT 24 MARCH 2026

No. of Warrant A (2024/2027)	:	196,152,700
Exercise Price	:	RM0.26
No. of Warrants exercised	:	30,700,000
No. of Warrants unexercised	:	165,452,700
Expiry Date	:	7 October 2027

DISTRIBUTION OF WARRANT HOLDERS

No. of warrant holders	Size of warrant holdings	No. of warrants held	%
44	Less than 100 warrants	1,977	0.00
198	100 to 1,000 warrants	112,923	0.07
498	1,001 to 10,000 warrants	2,695,050	1.63
299	10,001 to 100,000 warrants	10,860,000	6.56
90	100,001 to less than 5% of issued warrants	44,033,450	26.61
3	5% and above of issued warrants	107,749,300	65.13
1,132	TOTAL	165,452,700	100.00

LIST OF 30 LARGEST WARRANT HOLDERS

No.	Name of warrant holders	No. of warrants held	%
1	HAILY HOLDINGS SDN BHD	79,620,700	48.12
2	WONG CHEE SEAN @ WONG SEAN	14,677,800	8.87
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO YONG BOON	13,450,800	8.13
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO PING	6,326,300	3.82
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHO PING	2,516,400	1.52
6	KHO YIK	2,302,000	1.39
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO TIEN DING	1,485,700	0.90
8	NG KIM LENG	1,350,000	0.82
9	BONG PEI SIONG	1,336,900	0.81
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHO MUI LEE @ KHO MEI LEE	1,285,000	0.78
11	CHIAM KIENG SUENG	1,200,600	0.73
12	MOOMOO NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEOW JING RUI	1,105,000	0.67
13	TEO MENG HOW	1,002,700	0.61
14	YONG FONG KIEN	969,300	0.59
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SING HUAT	901,700	0.54
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO PING	840,000	0.51

ANALYSIS OF WARRANT HOLDINGS CONT'D

AS AT 24 MARCH 2026

LIST OF 30 LARGEST WARRANT HOLDERS CONT'D

No.	Name of warrant holders	No. of warrants held	%
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEO TIEN DING	830,000	0.50
18	KHO PING	700,000	0.42
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DOH JEE MING	679,600	0.41
20	CHONG SIAT CHOON	668,000	0.40
21	LIM TECK LOONG	601,650	0.36
22	LIM GEK SHAN	600,000	0.36
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GEK SHAN	600,000	0.36
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MELANIE KHO KYAI-ER	595,800	0.36
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG CHEE HAO (E-JBU)	585,500	0.35
26	AZIZAN BIN CHE AHMAD	550,000	0.33
27	SEE SWEE LING	500,000	0.30
28	YOONG WOEI YEH	500,000	0.30
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG KIING	418,400	0.25
30	EDMUND CH'NG CHENG YOON	400,000	0.24

DIRECTORS' WARRANT HOLDINGS

(As per Register of Directors' Warrant holdings)

No.	Name of Directors	No. of warrants held			
		Direct Interest	%	Deemed Interest	%
1	HAJI MOHD JAFFAR BIN AWANG (ISMAIL)	100,000	0.06	-	-
2	SEE TIN HAI	-	-	79,740,700 ^{(a)(b)}	48.20
3	YOONG WOEI YEH	500,000	0.30	-	-
4	SEE SWEE LING	500,000	0.30	-	-
5	SEE CUL WEI	-	-	-	-
6	ONG KHENG SWEE	100,000	0.06	-	-
7	TAN SUI HUAT	100,000	0.06	-	-
8	POH BOON HUWI	-	-	-	-

Notes:

(a) Deemed interest by virtue of his interest in Haily Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.

(b) Deemed interest by virtue of his daughters, See Yee Wei's and See Yee Han's interests in Haily pursuant to Section 59(11)(c) of the Act.



NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting (“**6th AGM**”) of **HAILY GROUP BERHAD** (“**Haily**” or “**Company**”) will be held at No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor on Thursday, 28 May 2026 at 9.30 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. | To re-elect Mr See Tin Hai, a Director retiring by rotation pursuant to Clause 133 of the Company’s Constitution. | ORDINARY RESOLUTION 1 |
| 3. | To re-elect Mr Tan Sui Huat, a Director retiring by rotation pursuant to Clause 133 of the Company’s Constitution. | ORDINARY RESOLUTION 2 |
| 4. | To re-elect Ms Poh Boon Huwi, a Director retiring by rotation pursuant to Clause 133 of the Company’s Constitution. | ORDINARY RESOLUTION 3 |
| 5. | To approve the payment of Directors’ Fees of RM252,660 for the financial year ending 31 December 2026, payable quarterly in arrears. | ORDINARY RESOLUTION 4
(Please refer to Explanatory Note 2) |
| 6. | To re-appoint Baker Tilly Monteiro Heng PLT, as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix their remuneration. | ORDINARY RESOLUTION 5 |

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution: -

- | | | | |
|----|--|--|--|
| 7. | AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | ORDINARY RESOLUTION 6
(Please refer to Explanatory Note 3) | |
| | “THAT subject always to the Companies Act 2016, the ACE Market Listing Requirements (“ ACE LR ”) of Bursa Malaysia Securities Berhad (“ Bursa Securities ”), the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting (“ AGM ”) of the Company (“ General Mandate ”).” | | |

NOTICE OF SIXTH ANNUAL GENERAL MEETING CONT'D

AS SPECIAL BUSINESS: CONT'D

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

BY ORDER OF THE BOARD

IRENE JUAY YEE LUAN (MAICSA 7057249)
SSM Practicing Certificate No. 202008001193

HEW JING SIAN (MAICSA 7065968)
SSM Practicing Certificate No. 202008001325
Company Secretaries

Date: 28 April 2026

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the member's shareholding to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy may be made via hardcopy form or by electronic means in the following manners and must be deposited or submitted not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the appointment of proxy shall not be treated as valid:-
 - (a) In hardcopy form
In case of an appointment made in writing via hardcopy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic means
The instrument appointing the proxy may be lodged electronically by way of submitting the instrument with the Share Registrar, TIIH via Vistra Share Registry and IPO (MY) portal ("**The Portal**") at <https://srmv.vistra.com>.



NOTICE OF SIXTH ANNUAL GENERAL MEETING CONT'D

NOTES: CONT'D

7. The hardcopy instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. For the purpose of determining a member who shall be entitled to attend the 6th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **20 May 2026**. Only members whose names appear in the General Meeting Record of Depositors as at **20 May 2026**, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES:

Ordinary Business: -

1. **Item 1 of the Agenda**
Audited Financial Statements for the financial year ended 31 December 2025

This Agenda item is meant for discussion only and does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. **Ordinary Resolution 4**
Directors' Fees for the financial year ending 31 December 2026

The proposed Ordinary Resolution 4, if passed, will facilitate the payment of Directors' fees for the financial year ending 31 December 2026 payable quarterly in arrears to the Independent Non-Executive Directors as members of the Board and Board Committees.

Special Business: -

3. **Ordinary Resolution 6**
Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6 is a renewal of the General Mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at the Fifth Annual General Meeting ("**5th AGM**") held on 28 May 2025 and if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate, if passed will enable the Directors to take swift action in case of a need to issue and allot new shares and provide flexibility to the Company to raise additional funds expeditiously and efficiently to meet its funding requirements including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, operational expenditures, investment project(s), and/or acquisition(s) or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares of the Company have been issued pursuant to the General Mandate obtained at the 5th AGM of the Company held on 28 May 2025, which will lapse at the conclusion of the 6th AGM.

NOTICE OF SIXTH ANNUAL GENERAL MEETING CONT'D

EXPLANATORY NOTES: CONT'D

Voting by Poll

Pursuant to Rule 8.31A of the ACE LR of Bursa Securities, all resolutions set out in this Notice are to be voted by poll.

No. of Shares held	
CDS Account No. (For Nominees Account Only)	

I/We, _____, (NRIC / Company Registration No. _____)
 of (full address) _____,
 (email address) _____ and (contact no.) _____ a member/members of
 HAILY GROUP BERHAD hereby appoint:

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholding to be Represented (Refer to Note 2)
Address	Email Address	Contact No.

* and/or failing him/her

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholding to be Represented (Refer to Note 2)
Address	Email Address	Contact No.

*or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 6th Annual General Meeting of the Company to be held at No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor on Thursday, 28 May 2026 at 9.30 a.m. and at every adjournment thereof to vote as indicated below in respect of the following Resolutions: -

* Delete where applicable.

ORDINARY BUSINESS		For	Against
Ordinary Resolution 1	Re-election of Mr See Tin Hai		
Ordinary Resolution 2	Re-election of Mr Tan Sui Huat		
Ordinary Resolution 3	Re-election of Ms Poh Boon Huwi		
Ordinary Resolution 4	Approval of Directors' Fees		
Ordinary Resolution 5	Re-appointment of Auditors		
SPECIAL BUSINESS			
Ordinary Resolution 6	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

Dated this day of 2026

.....
 Signature / Common Seal of Member(s)

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the member's shareholding to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy may be made via hardcopy form or by electronic means in the following manners and must be deposited or submitted not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the appointment of proxy shall not be treated as valid:-
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 - (b) By electronic means
The instrument appointing the proxy may be lodged electronically by way of submitting the instrument with the Share Registrar, TIH via Vistra Share Registry and IPO (MY) portal ("**The Portal**") at <https://srmy.vistra.com>.
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Voting by Poll

Pursuant to Rule 8.31A of the ACE LR of Bursa Securities, all resolutions set out in this Notice are to be voted by poll.

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STAMP

Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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Kontraktor Pembinaan

Haily Group Berhad 202001006412 (1362732-T)

Haily Construction Sdn. Bhd. 201701014871 (773078-K)

No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor.



HAILY GROUP BERHAD

202001006412 (1362732-T)

No. 3339, Jalan Pekeliling Tanjung 27

Kawasan Perindustrian Indahpura

81000 Kulai, Johor

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Email: corporate@haily.com.my

Website : www.haily.my